FINANCIAL TIMES

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WORLD NEWS

CAA halts Stolport Paris flights

Flights between London City Airport and Paris have been temporarily suspended by the Civil Aviation Authority after Brymon Airways, one of the route's operators, complained air traffic control was inadequate and unsafe.

The authority has suspended the licences of Brymon and Eurocity Express to fly the route and has begun an immediate inquiry. **Back Page; Details, Page 5**

Poll tax rebuke

Edward Heath, leader of the 17-strong Tory Commons rebellion against the Government's poll tax Bill, accused the Prime Minister of treating opposers as "the scum of the earth" following reports of severe reprimands for the rebels. **Page 4**

Rise for students

Education Secretary Kenneth Baker announced a four per cent rise in grants from next autumn for students on degree courses. **Page 4**

Pensioners' payment

Nearly 10m state retirement pensioners will be entitled to an £8 payment in February to compensate for an inaccuracy in the retail price index caused by computer error. **Page 5**

Inner-city post

Kenneth Clarke, Chancellor of the Duchy of Lancaster, was appointed minister responsible for the co-ordination and presentation of inner-city policies. **Back Page**

Bhutto marries

Benazir Bhutto, 34, leader of Pakistan's main opposition party, went through an arranged marriage celebrated by over 120,000 revellers in Karachi. **Page 2**

Post deadline extended

The Post Office extended today's deadline for posting first class Christmas mail to Tuesday.

Kenya expulsion

Kenya expelled Charles Katungi, Ugandan High Commissioner, and his deputy and closed the Libyan Embassy in Nairobi following five days of border skirmishes. **Page 3**

Immortal dies

Marguerite Yourcenar, 84, French authoress and first woman elected to join the 40 "immortals" of the Academie Francaise since it was founded in 1635, died.

Guerrilla extradited

Gabriele Tiedemann, a Red Army Faction urban guerrilla, was extradited from Switzerland to West Germany to stand trial for her part in the 1975 attack on Opec oil ministers in Vienna in which three people died.

Party plans

The draft constitution detailing the terms of the proposed merger between the Liberal and SDP parties was published. **Back Page**

Air lift for Eddie

Aer Lingus is to give a lift back to the United States to an American bald eagle named Eddie found exhausted in Co Kerry after a 3,000-mile flight.

Wild turkey

Turkeys released in the Irish Republic as part of a pilot scheme to breed them for game have attacked and chased ramblers. Sportsmen have not yet been given permission to open fire on their potential Christmas dinners.

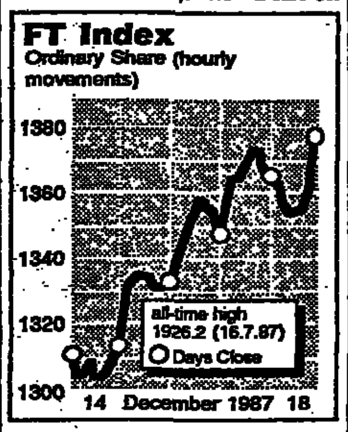
BUSINESS SUMMARY

Cadbury in £94m French acquisition

CADBURY SCHWEPPES, confectionery and soft drinks group, is buying leading French chocolate company Chocolat Poulain for FFr950m cash (£94.2m) from French food group Midial.

The purchase will increase significantly Cadbury's presence on the Continent. Midial is also selling its Nutrial chocolate busines for FFr650m to US food group Corn Products. **Back Page and Lex**

EQUITIES rose in London on heavy afternoon buying, with the FT Ordinary Index gaining 11.2 to close at 1,377.8 - a rise on the week of 67.1. The FT-SE 100 Index added 10.8 to 1,717, ending the week up 65.4. **Stock market, Page 12; Lex, Back Page**



COPPER soared £60 a tonne on the London Metal Exchange to a record £1,620 for Grade A material, helped by a severe shortage of high-grade metal for immediate delivery. **Page 10**

UK MONEY SUPPLY growth moderated last month, with bank lending rising by a seasonally adjusted £3.2bn against an average £3.5bn monthly rise over the past six months. **Page 5**

US CONSUMER price index rose by a seasonally adjusted 0.3 per cent last month, against 0.4 per cent the previous month. **Page 2**

HUNGARIAN Prime Minister Karoly Grosz reshuffled senior government officials and merged several ministries to help tackle the country's mounting economic problems. **Page 2**

CANADIAN OCCIDENTAL Petroleum said it was interested in acquiring all or part of Texaco Canada, the Canadian subsidiary of the financially crippled oil group. **Page 10**

NORTH BROKEN Hill and Peko-Wallsend, leading Australian resource companies, are to merge in an A$1bn (£390.6m) deal. **Page 10**

CANADIAN Government approved applications from seven foreign securities firms, including Yamaichi Securities, Morgan Stanley and First Boston, to set up permanent operations in Ontario. **Page 10**

SIMON-CARVES, part of the Stockport-based Simon Engineering group, signed a £246m contract to build a factory automation equipment plant in the Soviet Union. **Back Page**

BUNZL, paper and packaging group, is buying German paper merchants Wilhelm Seiler for £25.8m and a 70 per cent stake in Cartaria Tenti of Italy for £1m. **Page 8**

HIGH COURT dismissed independent airline Air Europe's argument that the Monopolies & Mergers Comission had exceeded its powers in deciding that a merger between British Airways and British Caledonian would not operate against the public interest. **Page 8**

BENLOX'S hostile bid for retail group Storehouse lapsed, but the civil engineering and investment dealing company did not disclose figures for acceptances. **Page 8**

BP presses £2.27bn Britoil bid in defiance of government wish

BY JAMES BUXTON IN GLASGOW AND MAX WILKINSON IN LONDON

BRITISH PETROLEUM plunged the City into confusion yesterday by pressing ahead with a £2.27bn bid for Britoil, the UK's largest independent oil company, in defiance of the Government's wishes.

Shortly after BP announced its 450p per share offer yesterday morning, the Treasury said it intended to "use its special share in Britoil to prevent any bidder gaining control of the Britoil board."

The so-called golden share, created when Britoil was privatised in 1982, allows the Government to outvote all other shareholders in the event of a takeover attempt. Britoil shares rose sharply with the bid announcement but then fell almost 100p to 345p in the wake of the Treasury statement. They recovered when BP made clear it would try to outface the Government and, if necessary, press the issue to the brink of a showdown over voting rights. At the close, they were 421p, 1p down on Thursday's close.

Sir Peter Walters, BP's chairman, said in Glasgow yesterday the company would press ahead with its offer, and that he had been fully aware of the rights of the golden share before making the bid.

The Takeover Panel, which polices takeover attempts, then said the implications its takeover code held for the existence of the golden share "remain to be established." A full panel meeting next week will try to decide whether the golden share should prevent the bid going ahead.

Atlantic Richfield, the US oil company, which on Friday last week bought 7.4 per cent of Britoil and announced a deal with the UK company whereby it would eventually own a 49.9 per cent stake, was believed in the market to be increasing its Britoil stake, perhaps to as much as 20 per cent. Early in the day BP, which earlier last week started the contest with a tender offer for 29.9 per cent of Britoil at 300p a share, increased its holding to 29.9 per cent, the maximum allowed without a full bid.

It was unclear last night whether the Government's golden share would prevent the BP bid or whether it could lead to a curious confrontation in which BP might hold 100 per cent of Britoil's equity, but only 49 per cent of the voting rights.

The outcome will depend on the panel's interpretation of rule 10 of its code, which has never been applied before to a takeover involving a special share.

This rule states that a takeover offer cannot become unconditional unless the bidder has acquired more than 50 per cent of the voting rights, a condition which cannot be fulfilled in this case.

However, the panel may rule that this condition should not apply because the existence of the golden share makes it impossible for BP to make an offer for 50 per cent of the voting rights in the first place.

While merchant bankers argued the case, the Treasury contributed to the confusion by remaining silent for most of the day. Eventually it said the golden share would not prevent BP from buying more shares in Britoil. However, it later pointed out that this would be subject to the Takeover Panel ruling.

BP seemed to believe it had a good chance of convincing the panel the offer could go ahead.

Sir Peter Walters's visit to Glasgow, where Britoil has its headquarters, was intended to defuse criticism that a BP takeover would result in a loss of Scottish jobs. The future of Britoil has become a major political issue in Scotland.

Sir Peter said Britoil needed a company of BP's size and strength to develop its assets in the North Sea effectively. He pointed out that Britoil had had to cut its budget for exploration in the North Sea from £156m in 1985 to £87m in 1986 because of the effects of a drop in oil prices.

Britoil's "commitments and responsibilities in the North Sea exceed those that a company of its size can hope to manage suc-

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Insider trader Boesky jailed for three years

BY JAMES BUCHAN IN NEW YORK

IVAN BOESKY, the insider trader who became one of the most useful witnesses ever to testify about criminal activity on Wall Street, was sentenced to three years in prison yesterday.

The punishment was the harshest ever for insider trading, but it nevertheless fell below the maximum of five years that Boesky had agreed to accept as part of a controversial plea bargain with the US Government last year.

In a packed federal courtroom in Manhattan, Judge Morris Lasker said the prison term was necessary to preserve the integrity and appearance of integrity in financial markets. "The courts can no longer act as if prison is unthinkable for the white-collar community," he said.

However, Judge Lasker accepted that Boesky was a reformed character, that he had been "vilified, humiliated and cut down" and that he had provided crucial information to prosecutors. The judge also waived a fine so that Boesky's creditors might have first access to his assets. Boesky paid $100m (£54.8m) in penalties last year as part of the plea bargain.

Boesky, 50, and looking as pale as his shock of white hair, was allowed to remain seated, hunched between two of his counsel, during most of Judge Lasker's statement. When standing, he swayed a little. He spoke briefly to the bench, bowing repeatedly, but his voice was too weak to be heard five feet away. His dark suit was too big for him.

Earlier the court heard how Boesky's wealth had been "virtually wiped out" and that even his work for the homeless in northern Manhattan had been under an assumed name.

Judge Lasker said: "Every item of evidence shows that he is not the man today as at the time when he committed the crimes." Boesky, who made millions of dollars from trading in stocks on inside information of takeovers, will surrender in March and will probably serve about a year.

The judge was roundly praised for the sentence which, lawyers claimed, posed delicate problems. They said the judge had shown that courts would "deal adequately with highly-placed rascals," as Mr Milton Gould, a 50-year veteran of securities law, put it. However, the sentence should not deter other white-collar miscreants from co-operating.

In a pre-sentencing memorandum, the prosecutors told Judge Lasker that Boesky's information had provided the best insight into Wall Street crime since the legislative hearings before the passage of the securities laws in 1933-34. Much of the information given by Boesky will remain secret until he testifies at future prosecutions.

Mr Gould said: "Within the constraints of the plea bargain, Judge Lasker acted fairly. Whether the plea bargain itself was justified depends on facts that aren't yet known."

Ghost of Christmases past returns to haunt toy trade

BY DAVID CHURCHILL IN LONDON AND LOUISE KEYHOE IN SAN FRANCISCO

TRADITIONAL teddy bears, dolls, and board games are making a comeback this Christmas on both sides of the Atlantic at the expense of high-tech electronic toys.

British and US children are being bought the sort of toys their parents would have enjoyed when children, according to toy retailers.

Indeed, the US industry has created some big flops in its efforts to follow up on previous fads.

Examples include Worlds of Wonder's "interactive" talking doll, Julie, which, crammed with microchips, can not only talk but also hear and respond. This "artificially intelligent" doll may have delighted technocrats, but she leaves children cold. Their parents also have apparently baulked at her $100 (£54.70) price tag.

Similarly, Mattel's Baby Heather, who grows up as she is played with – from a cooing six-month-old to a babbling toddler – and Coleco's new talking Cabbage Patch Kid, have failed to catch on. Another high-tech toy flop is Techforce, created by Mr Nolan Bushnell, the founder of Atari, and billed by its maker, Axlon, as the "ultimate high-tech game system". In it, two command consoles control moving vehicles that shoot infra-red "lasers" at each other – for $245.

With this new generation of electronic marvels, the US toy makers have crashed head on into a price barrier, say industry analysts. Retailers also criticise the industry for too many copycat products styled after earlier fads.

Last year's Lazer Tag has been copied by dozens of importers, while the Masters of the Universe figures, made by Mattel, that kept little boys happy for a couple of Christmases are now being emulated by Battle Beasts, Skyhawks, StarCom and Silver Hawk figures, to name but a few, none of which has achieved the popularity of the originals. Only GI Joe, the battle-ready plastic man beloved of several generations of US males, seems to be able to withstand the onslaught of competition.

Even Hasbro, maker of My Little Pony, seems to have dropped a clanger with a $135 "high-tech space complex" that was supposed to give the "good guys" the upper hand.

The adults who purchase most toys have also been put off by the Mad Scientist Monster Lab, a playset that "lets you create monsters then sizzle off their flesh in the Monster Vat".

Then there is Galoob's talking Mr Game Show Host, who for $100 will irritate you just as much as the real thing. Or for truly anti-social types there is the Gotcha gun, which fires exploding pellets full of paint. After several nasty incidents, these toys have been banned in some parts of the US.

However, it is not all bad news. Enjoying a moderately successful first season is a range of electronic toys under the Captain Power name from Mattel. These fire infra-red signals at the TV screen to kill off the bad guys in a video-taped plot. Priced at $30 to $40, these toys seem to be almost a bargain.

Also popular is almost any kind of radio-controlled vehicle. The new digitally-controlled

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G7 in pledge on economic policy links

BY PHILIP STEPHENS IN LONDON AND CARLA RAPAPORT IN TOKYO.

THE GROUP of Seven industrial nations has prepared a detailed draft statement re-affirming its commitment to closer economic policy co-operation.

The 5-page statement, which includes a loose pledge to avoid "excessive fluctuations" in exchange rates, may be released in the next few days, possibly this weekend, in the wake of any deal in Washington to cut the US Budget deficit.

Senior officials involved in drafting the document said yesterday there had been intense discussions between their respective finance ministers in the past two days to agree the statement.

The general expectation was that it would be published if and when the US Congress passed the budget-cutting package drawn up by Congressional and White House negotiators last month.

However, the officials added that the seven governments had yet to give final approval. One suggested that there was not yet a unananimous accord on the wording, although others said that, assuming a deal on the US budget, it was likely to be published in its present form. Copies of the draft in both English and Japanese were circulating in European capitals yesterday.

Rumours of the proposed statement and a possible G7 meeting in the New Year caused the dollar to firm on foreign exchange markets in Europe, and during early North American trading.

In Washington, House and Senate budget negotiators reached agreement on a $23bn (£12.7bn) two-year tax increase, but wrangling over a $600bn spending bill threatened to prolong talks over the weekend.

The main focus of the draft statement is on the Group's commitment to gear economic policies towards eliminating the large current account imbalances in the world economy - the huge US current deficit and the parallel surpluses in Japan and West Germany.

The draft, similar in style to the communique issued at the time of last February's Louvre agreement, welcomes recent policy shifts. It particularly welcomes the US budget-cutting package. Efforts in West Germany and Japan to promote faster economic growth are identified as moves in the right direction.

Each of the seven nations has presented a short statement of its commitment to ensure that national economic policies continue to promote an erosion of the imbalances.

However, the officials said that the document as it stands does not include assurances of any immediate, new, specific policy moves by the US, Japan and West Germany.

The wording on exchange rate stability is looser than that in the Louvre agreement. A senior official said that the change reflected a conscious decision by the 7 to shift the emphasis of their commitment from exchange rates towards concrete policy action.

"What we are saying is that if we get the policies right then we have a better chance of exchange rate stability," the official said. Several governments now doubted whether it had been wise to allow financial markets to believe there were firm target zones for the dollar.

The change since February is believed to reflect the reluctance of the US to commit itself to defending any particular target for the dollar. Washington has made it clear that it is not prepared to raise interest rates to defend the dollar while it sees a risk of economic recession.

It was unclear yesterday whether the statement, if issued, would take the place of an early meeting of the Group of 7. In Tokyo, Mr Noboru Takeshita, Japan's Prime Minister, hinted that governments would hold a meeting soon to discuss measures for stabilising the currency markets.

Mr Takeshita told business leaders that moves toward a meeting may take place before the end of next week, assuming that the US goes ahead with budget reduction measures. However, such a meeting would not amount to an admission of the failure of February's Louvre accord, Mr Takeshita said.

In London, the Treasury declined comment on the draft statement but said Britain remains opposed to any meeting unless the US gives an assurance that it is willing to defend the dollar.

Meanwhile, the Bank of Japan's governor, Mr Satoshi Sumita, said yesterday that the central bank has no choice but to step up its dollar-buying intervention in the currency market.

European dealers and analysts were sceptical about the effect a G7 statement would have on currency markets. However, the US bond market took heart from the strengthening of the dollar and the weakness of the oil price.

By mid-session, prices on 30 year Treasury bonds had risen almost two points to yield 8.98 per cent. In London the dollar closed at DM1.6330 compared with DM1.6220on Thursday and at Y127 compared with Y126.2 previously.

Congress negotiators agree tax rise, Page 2; World Stock Markets, Page 11; Currencies, Page 12

WEEKEND FT

STREET KIDS

There could be as many as 50,000 homeless young people on the streets of London this Christmas. John Lloyd reports on the sad lives of today's down and outs.

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FINANCE

Four investors who beat the crash

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TRAVEL

An A to Z guide to the best of Australia

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HOW TO SPEND IT

On last-minute presents and Christmas decorations

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RECORDS

The pick of the year's releases

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BOOKS

A gallery of art books

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MARKETS

DOLLAR

New York lunchtime:
DM 1.6375
FFr 5.54
SFr 1.3305
Y127.35

London:
DM 1.633 (1.622)
FFr 5.525 (5.49)
SFr 1.326 (1.317)
Y127 (126.2)

Dollar index 93.3(93)
Tokyo close Y126.45

US LUNCHTIME RATES

Fed Funds 6¹¹⁄₁₆%
3-month Treasury Bills:
yield: 6.08%
Long Bond: 98⅜
yield: 8.98%

GOLD

New York: Comex Feb latest
$484.4
London: $480.25 (478.75)

STERLING

New York lunchtime $1.8235
London: $1.826 ((1.8355)
DM 2.9825 (2.9775)
FFr 10.0875 (10.0775)
SFr 2.4225 (2.4175)
Y232 (231.5)
Sterling index 75.5 (75.6)

LONDON MONEY

3-month interbank:
closing rate 8⅞% (same)

NORTH SEA OIL

Brent 15-day Jan (Argus)
$16.30 (15.725)

STOCK INDICES

FT Ord 1,377.8 (+11.2)
FT-A All Share 867.07 (+0.7%)
FT-SE 100 1,717.0 (+10.8)
FT-A long gilt yield index:
High coupon: 9.68 (9.72)
New York lunchtime:
DJ Ind Av 1,964.36 (+39.96)
Tokyo:
Nikkei 22,826.97 (−72.86)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils500; Kuwait Fils500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr8.00; Philipines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

CONTENTS

EC to open market in big risk insurance

BY WILLIAM DAWKINS IN BRUSSELS

OPEN competition is to be introduced to the European Community insurance market for big corporate risks, as a result of an important accord yesterday between member states.

A meeting of the EC's 12 trade and industry ministers agreed in principle that insurers should not have to be based in the country where they provide protection for major policyholders. The decision should trim overheads for international insurers and allow them to cut premiums. As such, it is a key step in the EC's campaign to create a fully open internal market by 1992.

The move was due to a climbdown by Belgium, Italy and Spain, which had blocked the proposals since they were tabled by the Commission in 1975, on the grounds that their own insurers might be stampeded by fresh competition from more efficient firms from the UK, the Netherlands and West Germany. Mr Francis Maude, UK Corporate Affairs Minister, yesterday greeted the accord as a "major step forward, very satisfactory for the UK."

The outline accord will be worked on in detail by national officials before the final go-ahead at another ministerial meeting in the next six months. It was facilitated by a compromise – the latest of several – prepared by the Danish presidency of the council of ministers and allowing smaller member states to open their insurance markets in gentle steps till the end of 1999.

The directive applies, with some important exceptions, to insurance provided to policyholders which employ more than 250 people, with annual sales of more than the equivalent of Ecu12.8m (£8.8m) and with balance sheet totals of Ecu 6.2m or more. Those limits are to be doubled during transitions for Spain, Portugal, Ireland and Greece.

It also lays down the extent to which insurers should cover their international claims liabilities in local currencies. For most member states, 93 per cent of such liabilities must be "currency-matched", but Greece, Portugal, Ireland, Belgium, Luxembourg and Spain will be allowed to impose tougher limits for insurance companies in business locally.

Israeli troops kill more rioters

By Andrew Whitley in Jerusalem

PRAYERS in mosques throughout the Israeli-occupied territories, including the Dome of the Rock mosque in the Old City of Jerusalem, were turned into fresh rallying points yesterday for anti-Israeli demonstrations. Another two Palestinians were killed by Israeli troops quelling the disturbances.

Emerging from the midday prayers, a few hundred youths attempted to begin a demonstration, but were rapidly dispersed with teargas.

Predictably, it was in the Gaza Strip that the real trouble once again broke out, after a two-day lull had induced cautious optimism that the worst might be over.

Pitched battles were fought in the centre of Gaza City, outside the heavily guarded Israeli military headquarters and the Shifa hospital, between troops and swarms of youthful demonstrators from a nearby refugee camp, hurling iron bars, stones and the occasional Molotov cocktail.

South of the city, serious disturbances were reported from the large Bureij camp, home of 16,000 refugees.

By late afternoon, the army confirmed that two had been killed and at least seven injured - scaling down an earlier report that three demonstrators had died. By the official count, the death toll from the past 10 days has thus risen to 16, though this may prove an under-estimate.

One of the most disturbing features of the unrest appears to be the behaviour of the army. Yesterday, doctors at Shifa - the main hospital in Gaza and rapidly becoming another focal point for the demonstrators - claimed soldiers had forced their way into the building to arrest wounded Palestinian youths, beating up hospital staff.

The unrest could also jeopardise a planned visit to the occupied territories by Mr David Mellor, the British Minister of State at the Foreign Office responsible for the Middle East, in two weeks' time.

Karachi hails Pakistan's bride

BY JOHN ELLIOTT IN KARACHI

MORE THAN 120,000 people sang and danced till the early hours of this morning in the streets of Karachi to celebrate the wedding of Miss Benazir Bhutto, the 34-year-old leader of Pakistan's main opposition political party, who is hoping her arranged marriage will help to revive her flagging political fortunes.

Streets around Miss Bhutto's home in the rich Karachi suburb of Clifton were blocked by thousands of people and cars as she left a private wedding ceremony yesterday evening with her husband, Mr Asif Ali Zardar, a polo-playing building contractor, to attend an awami or people's wedding in the Bhutto family's traditional political stronghold, the poor and turbulent old slum and market area of Lyari.

She had given a news conference earlier, proclaiming she was "still married to the people of Pakistan" and stressing the simplicity of her wedding arrangements – glass bangles were being mixed with traditional gold ones and the traditional trousseau of more than 20 elaborate dresses and seven sets of jewellery was being trimmed to two dresses and one set of jewels.

She acknowledged her image would change by her marriage, and indicated that this was necessary because her old image as a political martyr, after five years in prison and under house arrest, was fading.

For several days, the streets of Lyari have been festooned with lights, food stalls and dancing have kept going till dawn, and last night the people proved for the second time in 20 months that Miss Bhutto, daughter and political heir of Zulfiqar Ali Bhutto, the prime minister who was executed eight years ago, has enormous popular appeal.

They first showed it in April when she returned to Pakistan in triumph from exile, but she then failed to turn that tamasha, as public festivities are known here, into a credible political campaign. Her People's Party of Pakistan did badly early this month in local elections.

Her Islamic marriage, arranged in conventional south Asian style, is a liaison of convenience. It is designed to give her a firmer base from which to operate politically in a profoundly Islamic country, to silence gossip about possible affairs and, perhaps most important of all, to provide heirs to carry on the Bhutto name as a prominent, political, land-owning family of the proud southern Pakistani province of Sind.

The bride, who is to continue to use the Bhutto name, met Mr Zardar for only five hours before their engagement was announced in London three months ago and has seen little of him since. She says she had a "right of veto" after he had been chosen by her aunt.

She is accepting an arranged marriage despite her western education at Oxford and Harvard, where she had an open way of life, because it was impossible to develop a marriage of love in a country where "one is the target of a dictator". That was a reference to General Zia ul-Haq, President of Pakistan, who had her father hanged in 1979 and is her main political foe.

Mr Zardar, a party-loving sportsman of the same age as Miss Bhutto, but with a colourful past, says he intends to stay in the background.

For the Bhuttos, with a small range of men of Sindhi background and the right age to choose from, Mr Zardar is an acceptable catch. His father has been involved with Pakistan's Moscow-leaning Awami National Party but that is not is an important problem.

More significant is the fact that, although the Zardaris originate from the remote western province of Baluchistan, they are regarded as "modern" by Begum Bhutto, Miss Benazir's mother. That means they will allow the couple to live in their own home, instead of confining them to part of the traditional, extended south Asian family home. They will also allow Miss Bhutto to continue her political career – more traditional and feudal Baluchis lock their women away in perpetual purdah, hidden behind high walls and thick veils.

Now Miss Bhutto has to consult her husband on a key decision – when to start a family, which she obviously intneds to do. She acknowledges the current joke that President Zia wants her to become pregnant soon so that elections can be called while she is pregnant. So the question is whether, at the age of 34, she should wait another two years, till after the next elections. She will not give an answer to this now.

Congress negotiators agree tax rise

By Lionel Barber in Washington

US House and Senate budget negotiators reached agreement on a $23bn (£12.7bn) two-year tax increase but wrangling over a $600bn spending bill threatened to prolong talks over the weekend.

A Congressional official said disputes over spending priorities - notably future Congressional support for the Nicaraguan Contra rebels - and the methods of accounting of Federal asset sales were delaying agreement.

Following a meeting with President Reagan yesterday, Congressional Republican leaders said Mr Reagan was continuing to insist on new military and non-military aid for the Contra rebels in Nicaragua and warned that he had threatened to veto the spending bill.

The two-year tax package would raise an additional $9bn in fiscal 1988, which began on October 1, and $14bn more next fiscal year.

They form part of a two-year $76bn deficit-cutting pact between the White House and Congress aimed at stablising financial markets and limiting the budget deficit to around $150bn, roughly last year's level.

The tax rises are mainly directed at corporations rather than individuals. They include a three-year extension of the Federal telephone excise tax and a freeze on the highest estate tax at 55 per cent.

Proposals that would have reduced tax breaks in takeover bids were mostly scrapped, except for a 50 per cent excise tax on profits made in "greenmail" in which a bid target buys its own stock to ward off a corporate raider.

The $600bn spending bill would include a ban on Japanese construction companies from taking part in many American public works projects.

The ban does not mention Japan by name but seeks to retaliate against countries which shut out US companies on such work.

Other budget conference votes covered a $700m appropriation for the research and development of the Midgetman missile - a mobile, single-warhead weapons which Congress argues is an alternative to the multi-warhead MX missile; a further $480m economic and military aid to Pakistan, a 2 per cent pay rise for federal employees, except for members of Congress, the judiciary and senior government officials who will receive nothing; and the sale of between 60 and 70 Stinger anti-aircraft missiles to Bahrain.

The issue of future Contra aid continued to bedevil negotiations. The Senate has voted to send another $9bn in non-lethal stop-gap aid to the rebels, plus as much as $7bn for "transportation".

However, many House Democrats want a complete cut-off in aid to the Contras which they argue jeopardises the Central American peace plan pushed by the Speaker, Mr Jim Wright.

Paris offers UK nuclear targetting talks

BY IAN DAVIDSON IN PARIS

THE FRENCH Government has offered to discuss with Britain the co-ordination of nuclear targetting, as one of a possible range of subjects for nuclear co-operation. But the British government has shown little enthusiasm for the suggestion, according to officials in Paris.

The news emerged here yesterday from officials anxious to underline France's readiness to strengthen its contribution to the defence of Europe, including nuclear co-operation with Britain. It followed publication in the weekly news magazine Le Nouvel Observateur of a lengthy interview with President Francois Mitterrand under the title, La Strategie de la France.

Though they drew attention to what they clearly believed was Mrs Thatcher's personal reluctance to give the go-ahead to the specific suggestion of a discussion of co-ordinated nuclear targetting, the officials made no attempt to attack the general British attitude to recent French approaches in the field of European defence co-operation.

Mr Andre Giraud, French Defence Minister, took the initiative in challenging the long-standing taboo on discussions on nuclear issues between Britain and France, when he broached the subject with Mr George Younger, his British opposite number, in March this year, and his initiative met with a positive response.

Andre Giraud (left) and George Younger: agreed to joint study

Last week, their discussions bore fruit, with an agreement to study the possibility of the joint development of a medium-range air-launched nuclear missile, which would be designed in Britain's case to replace old-fashioned gravity nuclear bombs carried by Tornadoes, and in France's, the existing Air-Sol Moyenne Portee (ASMP) missile.

Some such modernisation is required by both countries, since their aircraft could be vulnerable to Soviet air defences. The two ministers denied the new missile project was designed to circumvent the US-Soviet Euro-missile deal, which will remove a whole category of medium-range nuclear missiles from Europe.

After their meeting last week, the two ministers said their joint studies were promising.

The Nouvel Observateur interview summarised the President's many recent pronouncements on French defence strategy, and on the need for closer defence co-operation, without adding anything very new.

Perhaps most important, after a number of recent incidents in which the President and the Prime Minister have at times appeared to be upstaging each other in enunciating French defence policy, President Mitterrand confirmed that Prime Minister Jacques Chirac had shown him the text of his recent speech to the Institute des Hautes Etudes de Defense Nationale, and that they agreed on the substance of the issues of French defence policy.

EC to strip Seoul of trade privileges

BY WILLIAM DAWKINS IN BRUSSELS

THE European Community yesterday agreed to strip South Korea of its EC trade privileges and launched an investigation into alleged dumping of video-cassettes from the South East Asian country.

The trade sanctions, agreed by the EC's 12 Trade and Industry Ministers, brings already strained relations between the EC and Seoul to a new low. The move comes in retaliation for the Seoul Government's refusal to grant EC companies the same legal protection against patent infringements as is available to their US competitors in South Korea.

It is the first time the Community has withdrawn the duty free market access allowed to a developing nation under the Generalised System of Preferences (GSP). South Korea will now lose its GSP status from January 1, at a cost to its exporters of about Ecu 50m (£34.4m) annually in higher EC customs duties.

The decision is an attempt to bring pressure on Seoul to change its legislatiom to allow EC exporters to defend themselves against counterfeiting on the local market. Brussels wants Community companies to have the right to change patents protecting manufacturing processes into so-called product patents, a privilege which their US counterparts have held since Seoul agreed to a bilateral trade deal with Washington a year ago. However, few in Brussels held out much hope yesterday for a quick solution to the crisis in the troubled wake of South Korea's presidential election.

Meanwhile, the European Commission yesterday added further tension to trade relations with Seoul by launching an anti-dumping inquiry into South Korean imports of video-cassette tapes. The investigation, which also covers tapes from Hong Kong, comes in response to a complaint by Cefic, the European federation of chemicals producers. Both countries are selling tapes in the EC at well below the price charged in their domestic markets, Cefic claims. They are under-cutting Community producers by between 20 and 36 per cent, the federation estimates.

It says the South Korean share of the EC tape market nearly doubled from 5 to 9 per cent in the three years to 1986, while the share held by tapes from Hong Kong more than doubled from 4 to 9 per cent. The result, it contends, has been to force EC producers to cut prices and take losses, with the resulting threat to investment and jobs.

Mr Willy De Clercq, European Commissioner for external trade, yesterday demanded an explanation from the Japanese Government for delays in opening its market to EC made wines and spirits, William Dawkins reports.

A ruling by the General Agreement on Tariffs and Trade earlier this year asked Japan to cut taxes on foreign alcoholic drinks as soon as possible. But the Government is to include the changes in its general tax reform package, due to come into effect next April.

Budget passed in Norway

By our Foreign Staff

NORWAY'S Government has won approval for a high-spending 1988 budget, despite warnings from economic analysts and opposition parties that it fails to address swelling problems on the welfare front.

The minority Labour government, with help from its traditional allies in the centre, won a Parliamentary majority for its NKr243bn (£20.8 bn) bduget late on Thursday night after long and heated debate.

Economists said that, after the drop in oil prices this week, the government may be forced to devalue the currency or introduce an austerity package in the spring. However, Mr Bjoern Skogstad-Ammo, Finance Secretary, this week described devaluation as very unlikely, given that Norway was eschewing foreign borrowing and had high reserves.

Hungarian PM shuffles top government officials

BY LESLIE COLITT IN BERLIN

THE HUNGARIAN Prime Minister, Mr Karoly Grosz, has reshuffled senior government officials and merged several ministries in order better to cope with Hungary's mounting economic problems.

Mr Laszlo Marothy, the Hungarian planning chief, was replaced by Mr Janos Hoos, previously his deputy. Mr Marothy, once regarded as a candidate to succeed Mr Janos Kadar, the Hungarian leader, was appointed to head a newly-created Environment Ministry.

In the process, he lost his post as a deputy Prime Minister and it was unclear whether he would remain for long in the ruling politburo.

Mr Milos Villanyi was chosen as the new Finance Minister, succeeding Mr Peter Medgyessy who becomes one of two deputy Prime Ministers - there were previously five - and is to be in charge of planning. The government reshuffle was announced after a two-day meeting of the Hungarian parliament which ended on Thursday.

Mr Jozsef Marjai, previously a deputy Prime Minister, was appointed to head a newly merged Ministry of Domestic and Foreign Trade. A ministry combining health and social policy was formed under Mrs Judit Csehak, the only woman in the politburo.

Dr Rezso Banyasz, chief spokesman of the Hungarian government, said ministers in future will have greater "personal responsibility" as part of an increasing separation of the Government and party.

He noted that at the session of parliament, several deputies criticised the wide-ranging powers of the Presidential Council, a state body which enacts legislation.

A prominent Hungarian politician, Mr Imre Pozsgay, recently suggested that the Council should be abolished.

Belgian king invites talks on new coalition

BY TIM DICKSON IN BRUSSELS

THE FIRST step towards establishing a new Belgian Government was taken yesterday when King Baudouin invited Mr Guy Spitaels, President of the French-speaking Socialist Party, to become his "informateur".

Mr Spitaels' task will be to consult other political leaders in an effort to find the most suitable candidate to lead the next coalition, before reporting back to the Royal Palace. Based on his advice the monarch will then appoint a "formateur" who will try to form a government.

Yesterday's move came five days after Sunday's general election, which was marked by a shift to the Left in the southern region of Wallonia and represented a serious rebuff to the outgoing Prime Minister Mr Wilfried Martens and his party, the Flemish-speaking Christian Democrats (CVP) in Flanders.

No one, or even two, parties in recent times has been powerful enough to form a government alone, but the results of the latest poll are more than usually confusing. While the Socialists did well in Wallonia, for example, the biggest advance in Flanders was made by the right wing Liberal party (the PVV).

The situation is further complicated by the deep language divisions in Belgium which created a split in all three of the major political groupings in the 1970s.

With the Socialists now the biggest political "family" in the country – overtaking the Christian Democrats for the first time since 1936 – Mr Spitaels had been thought most likely to be given first chance to test party opinion.

Bush denies Iran Contra allegations

By Lionel Barber in Washington

US VICE President George Bush, frontrunner for the Republican presidential nomination, yesterday denied there was "anything new" in a White House memorandum stating he backed the arms-for-hostages deal with Iran.

In an attempt to defuse a threat to his campaign, Mr Bush issued a statement saying the memo was consistent with earlier ones about his role. His spokesman said: "He supported the effort to free our hostages and he supported the president's initiative despite some reservations."

However, one of his Republican challengers, Mr Alexander Haig, seized on the disclosure made on Thursday by the joint Congressional committee investigation of the Iran-Contra affair. "Clearly, George Bush has a credibility crisis on this issue," said Mr Haig.

While most of the steam has gone out of the affair, publication of the memo ties Mr Bush more closely than before to what the American public regards as a monumental foreign policy blunder. Mr Bush's trumpeted strengths are experience and good judgment in government.

Separately, the CIA director Mr William Webster has announced a disciplinary shake-up in the wake of the Iran-Contra affair. Two field officers have been fired, one senior officer has been demoted, and several others reprimanded for improper conduct.

Community agrees new toy safety standards

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN Community member states yesterday made a gesture to the seasonal spirit by agreeing wide ranging new safety standards for toys

The measure is among five barriers to free trade between EC countries which a meeting of Community Trade and Industry Ministers agreed should be scrapped. This is the first time the EC has applied its so-called "new approach" to safety standards to consumer products.

It means toy makers can sell their products across the EC without hindrance as long as they conform to basic standards. Broadly, these mean toys must not be inflammable, poisonous or radioactive if they are to get free access to all EC member states. Until recently, the European Commission had tried to set standards by defining every detail of the products involved, an inefficient process that often took years and led to standards being out of date by the time they were adopted.

The accord affects the 60,000 different types of toys in circulation in the EC, representing a market worth Ecu 3.48bn (£2.4bn) in which 94,000 people are employed, estimates the Commission. It should bring a reduction in the 200,000 accidents involving children and toys throughout the Community every year.

Ministers also agreed yesterday on proposals to bring more free competition to insurance markets, standard rules for testing chemicals in laboratories, an EC-wide labelling system for dangerous household products like bleach or hairspray, and a common rules for pricing supermarket goods according to package size.

US consumer prices up 0.3%

By Lionel Barber in Washington

THE US consumer price index rose by a seasonally adjusted 0.3 per cent in November, the Commerce Department reported yesterday.

This was slightly less than in October, when the price index rose by 0.4 per cent, and appears to confirm that US inflation is being restrained. During the first 11 months of 1987, the consumer price index rose at a seasonally adjusted annual rate of 4.7 per cent, the department said.

Meanwhile, consumer spending in the US showed a 0.5 per cent rise in November, buoyed by a renewed enthusiasm for buying cars. Declines of 0.2 per cent in consumer spending over the past two months were artificially achieved.

However, personal income dropped by 0.4 per cent – the largest fall in 15 years – chiefly as a result of the halt in farm subsidy payments. Without this stoppage, personal incomes would have risen by 0.7 per cent in November.

Swiss central bank aims for more growth

BY WILLIAM DULLFORCE IN GENEVA

THE SWISS National Bank yesterday signalled a readiness to continue to ease the money supply by announcing a 3 per cent growth target for 1988. A main preoccupation is to avert upward pressure on the Swiss franc.

In 1987 the increase in the monetary base (giro accounts with the SNB and note circulation) will be 2.9 per cent, compared with the target of 2 per cent, the central bank said.

The overshoot had been allowed because of the situation on financial and foreign exchange markets, and uncertainty about future economic developments.

In that the uncertainties were likely to persist in 1988, the SNB said it would continue to exercise flexibility in implementing its policy of maintaining price stability.

In the wake of the October stock market crash, the bank injected an extra SFr1bn (£414m) to SFr1.5bn to the money supply, to ease tensions signalled by the banks.

Even before that, however, the growth rate had reached 2.5 per cent on an annual average basis, as the SNB eased the supply so as to prevent interest rates rising and attracting foreign capital.

The central bank yesterday reserved its right to deviate from its target. Changes in official liquidity requirements on banks, due to come into force in January, and the new Swiss inter-bank clearing system could gradually reduce demand for central bank money, it said.

The SNB's principal objective is to ensure price stability. After running near zero for some months in 1986, the year-on-year rise in consumer prices reached 2.1 per cent in November this year.

A 3 per cent money supply target indicates that the SNB expects consumer prices to increase by 1.5 to 2.5 per cent next year.

●The Swiss Parliament yesterday finally approved an amendment to the criminal code so as to make insider trading a criminal offence. The upper house rejected a committee recommendation that it be limited to mergers and share issues.

Prison sentences of up to three years and fines of up to SFr40,000 can now be imposed on people who gain from, or help others to profit from, confidential information about transactions on stock markets.

The new law eases the way for Switzerland to release information to authorities in other countries dealing with insider trading cases.

In California 'tis the season to be felling

Louise Kehoe and family drove out to pick and cut their own Christmas tree

PACK A SAW, some strong rope and a blanket: this is the time of year when Californians go in search of the perfect Christmas tree, and anything less than a freshly cut six-footer is considered puny.

The Christmas tree stalls that sprout on vacant corners throughout the US at this time of year might offer a great selection of pines and firs – they will even "flock" them with free fake snow – but buying is not the same as cutting your own at the local Christmas tree farm.

Each year 1.25m Californian families choose and cut their own tree, according to the California Christmas Tree Growers' Association. Last year, it seemed that most of those families were in their cars in the queues that quickly build up along roads leading to the most popular tree farms along the northern Californian coast.

A two-hour wait is enough to dampen the enthusiasm of even the most excited children, to say nothing of their parents. The first task is to choose the farm, of which there are dozens here in San Mateo County, the Christmas tree-growing capital of the state, so every drive to the coast becomes a critique of the trees.

The farms open immediately after Thanksgiving, in late November, when the orange and black bunting of Hallowe'en – many of the same farms also grow pumpkins for that day – disappear in favour of red and white. The competition is intense as the farms try to outdo each other with promises of meetings with Santa, free candy canes and spiced apple juice. In this part of the world, Christmas trees are big business. The Californian crop last year was valued at $30m.

We chose a farm off the beaten track that was almost a miniature forest. Instead of the usual regimented lines of perfectly pruned specimens, this one had clumps of trees arranged by variety and sprawled over a couple of muddy hills.

The serious business of selecting the perfect tree is complicated by the determination of the children to find the biggest one on the farm and the equally strong concerns of their mother that the chosen specimen must be hauled back to the car, tied onto the top and transported five miles to home. How high is the ceiling anyway, I began to wonder? Having diverted their attention from some 20-foot firs, we headed for more tractable Monterey pines, the long-needled and deep-green favourites of Californians.

The sentimentality of the season suddenly makes itself felt when the children finally decide on their tree. "It is so sad to cut it down," my daughter complained. Having lost her two-year-old sister three times in the forest, I was less than sympathetic. Tree-felling is not my area of expertise, but we quickly mastered the knack, with someone posted to shout "Timber!" at the critical moment.

Hauling the tree back to the car and tying it to the top turned out to be the biggest challenge of the afternoon, but eventually we joined the line of vehicles capped with foliage and made for home.

According to the growers, the "cut your own tree" trend started in California in the 1940s and has been booming ever since. The more effort people have to make to get a tree, the more they prize it, the farmers have discovered.

Perhaps the back-to-nature exploit also compensates, to some degree, for the gross commercialisation of Christmas in the US – but it does not stop Californians dumping their trees unceremoniously two days after Christmas.

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OVERSEAS NEWS

Aquino orders coup bid colonel to be sacked

BY RICHARD GOURLAY IN MANILA

PRESIDENT Corazon Aquino of the Philippines yesterday ordered the dismissal of Col. Gregorio Honasan over three months after he only narrowly failed to topple the government in an coup.

Mrs Aquino's order to drop Col. Honasan and 13 other rebel officers from the military roster formally cuts his benefits, including family housing and pay, and ends another chapter in his colourful military career. It may not, however, signal the last day he serves in a military uniform.

Some 56 people were killed in the August 28 coup attempt, from which the government is only now beginning to recover, and many more were wounded, including Mrs Aquino's son.

Some congressmen and ranking officers have persistently said the goverment should grant a general amnesty for all the military rebels who have taken part in at least five coup plots since Mrs Aquino took power nearly two years ago.

They argue that Col. Honasan was simply staging a demonstration to highlight the need for reforms in the government campaign against the 19-year-old communist insurgency. Amnesty would foster national reconciliation, they claim, invoking the language which has figured strongly in the government's vocabulary since President Ferdinand Marcos was ousted 22 months ago but which has often made the Aquino government appear lacking in resolve.

Yesterday Mrs Aquino repeated the stance she took before Col. Honasan was captured last week - that there would be "no terms" and that he should face a court-martial. Both Mr Raphael Ileto, Defence Secretary, and Gen. Fidel Ramos, the armed forces chief, have toughened their stands since Col. Honasan's capture, and now rule out amnesty.

Col Honasan's spectacular rise and fall has captured the imagination of a country that loves a good drama. Eighteen months ago, he was the focus of national adoration, having helped Gen. Ramos and Sen. Juan Ponce Enrile lead the military revolt that triggered the fall of Mr Marcos. His name was linked to an alleged coup last November, after which Mr Enrile, whom he served as security adviser, was fired from the cabinet.

Rather than bring charges against Col. Honasan, who commanded great respect in the military, the defence department put him in charge of training special forces not far from Manila. He used some of these troops in his August 28 coup.

Col. Honasan's "demonstration" and more importantly, a well-orchestrated self-publicity campaign from hiding since the attempted coup, forced the goverment to raise basic pay for soldiers this month by up to 60 per cent.

Portugal trade deficit up 74.5%

By Peter Wise in Lisbon

PORTUGAL'S trade deficit increased by 74.5 per cent to Es492.6bn ($2bn) in the first 10 months of 1987, compared with the equivalent period last year, the National Institute of Statistics announced.

The soaring deficit reflects the growing pressure on Portugal of imports from the European Community which increased 42.3 per cent from January to October, while Portuguese exports to Europe rose by only 22.9 per cent.

Italy, Spain and West Germany are currently the leading exporters to Portugal with the value of their exports exceeding Portuguese imports by Es94.6bn, Es90bn and Es64bn respectively over the 10-month period. Portugal's trade deficit with EC countries represents 47 per cent of the total.

Total imports rose 36.7 per cent in dollar terms compared with the same period in 1986. Export earnings grew by 24.1 per cent. Exports covered 68.2 per cent of the cost of imports, a decrease of 6.9 percentage points from last year.

The Lisbon government will increase the basic minimum wage by 8 per cent to Es27,200 a month from January.

Minimum pay for agricultural workers will rise by 10.7 per cent to Es24,800 a month and for domestic employees by 11.4 per cent to Es19,500. The government forecasts inflation will drop from 9.7 per cent this year to 6 per cent in 1988.

Kenya expels Ugandan envoy and snubs Libya

BY VICTOR MALLET

THE KENYAN government, after five days of border skirmishes with neighbouring Uganda, yesterday expelled the Ugandan High Commissioner and closed the Libyan Embassy in Nairobi.

Relations between Kenya and Uganda have worsened during the past year. The autocratic President Daniel arap Moi of Kenya, has long mistrusted his radical Ugandan counterpart, Mr Yoweri Museveni, and is suspicious of Uganda's ties with Libya.

Kenya gave the high commissioner, Mr Charles Katungi, 24 hours to leave the country, having accused him of insulting Mr Moi by rejecting his version of events on the border. Mr Katungi's deputy was also expelled.

Uganda and Kenya have accused each other's security forces of starting the current border conflict.

Uganda has the more to lose because its main trade route passes through the Kenyan port of Mombasa on the Indian Ocean. Petrol rationing has already been announced in Uganda because of the crisis.

In the Ethiopian capital Addis Ababa, meanwhile, the Organisation of African Unity has deplored the border dispute, saying it undermines Africa's credibility. The OAU appealed to both countries to find a peaceful solution.

A number of Libyan diplomats has already been expelled by Kenya this year. Kenyan accusations of Libyan interference in domestic politics reached fever pitch during a recent court case in which a student leader, Mr Robert Wafula Buke, was jailed for five years for having given information to the Libyan charge d'affaires.

Mr Buke was said in court to have received the equivalent of more than $1,000 from the Libyan embassy to finance student elections won by himself.

Students have been in the forefront of opposition to Mr Moi's government and the University of Nairobi was closed for three weeks after riots in November.

Pro-Western Kenya has the strongest national economy in East Africa, but its international image has recently been tarnished by accusations of human rights abuses during a crackdown on left-wing dissidents grouped in the MwaKenya movement.

Lisbon to end monopoly on electricity

By Our Lisbon Correspondent

THE LISBON government will present a bill to parliament next year to allow private companies, local authorities and other bodies to produce electricity, ending the state monopoly of electrical energy production.

Officials said the scheme was aimed at encouraging companies and local councils to produce their own energy, particularly in rural areas the state-owned company Electridad de Portugal (EDP) does not have the resources to serve adequately.

Companies will be able to produce energy for their own use or sell it for for distribution through the EDP network. Producers are expected to be limited to a maximum power of 10 mw, unless they are involved in joint projects with EDP.

Independent producers will be urged to produce energy from small hydro-electric plants and by other non-fossil fuel methods to help Portugal reduce its heavy dependence on fuel imports.

Iran and Iraq step up Gulf tanker attacks

BY ANDREW GOWERS, MIDDLE EAST EDITOR

IRAN and Iraq yesterday capped a fortnight of unprecedentedly intense attacks on shipping in the Gulf by bombarding three tankers – one Norwegian, one Liberian-registered, and one Maltese.

Iraqis fired a missile at the 249,980-tonne Maltese-registered Free Enterprise, a member of Iran's shuttle fleet which carries oil from its Kharg island terminal to other loading terminals close to the Strait of Hormuz. There were no reports of casualties, but Lloyds Shipping Intelligence said the tanker had run aground off the Iranian coast.

The Iranian attacks – carried out as usual by Revolutionary Guards firing rocket-propelled grenades from speedboats – were on the 280,578-tonne Liberian-registered Saudi Splendour and the 290,762-tonne Norwegian Happy Kari. There were no casualties in either case, though the grenades caused a small fire on the Norwegian vessel.

These attacks were less damaging than other incidents involving Revolutionary Guards in the last two weeks, but they bring the overall tally of strikes on shipping in that period to a level unseen since the so-called "tanker war" began in earnest in 1984.

Two ships have been destroyed by the Iranians in the last 10 days: the Singapore-registered Norman Atlantic was sunk last week, and the Greek-registered Ariadne ran aground off Dubai. In addition, 21 mainly Filipino and Polish sailors died when the Norwegian-managed tanker Susangird was hit by Iraqi missiles off the Iranian coast on Wednesday and Thursday of last week.

The Iranians are also reported to have intensified their stop-and-search activities involving neutral merchant shipping.

The upsurge in harassment of shipping by both sides undoubtedly reflects the tensions stemming from expectations of a fresh Iranian offensive against Iraq on land in coming weeks, and from the intensifying international pressure on Iran as a result of its failure to accept a United Nations ceasefire call.

Freighter fire hits Spanish smelter

A DISASTER at sea – fire aboard a freighter off the coast of north-west Spain – has led to the breakdown of Spain's main aluminium smelter, **David White reports from Madrid.**

This strange event is expected to cost Ptas 16 bn ($80m) to get the smelter working again.

The production process at the smelter, belonging to the Industria Espanol del Aluminio (Inespal) group, was interrupted when workers protested against the use of company port facilities to handle canisters of dangerous chemicals from the wrecked freighter.

The interruption, according to the company, caused the aluminium being processed to solidify. Yesterday, when the 1,700-strong workforce were back at their posts, it refuted the works committee's claim that aluminium output could be re-started. According to its experts, a return to full production could take at least six months.

The company said it had issued dismissal notices to about 100 employees and was preparing lay-offs. Output of the intermediate product alumina was not affected.

UK NEWS

Kevin Brown explains the arguments for a London traffic authority

Why a car crash can lock up the capital

"THE CAUSE of the London traffic problem, that is to say the want of proper and adequate streets, is not primarily finance, nor the great growth of London; it is the want through the centuries, and at the present time, of some controlling authority with comprehensive power, such as has existed in Paris, Berlin and Vienna."

Sir Lyndon Macassey, President of the Institute of Transport, 1924.

FOR THOSE who live or work in London, the inadequate transport infrastructure is an everyday irritation which shows every sign of getting worse before it gets better.

The problem came to a head last week when traffic in large areas of inner London slowed almost to a standstill after three vehicles collided near Blackfriars underpass, on the Embankment.

The accident was followed by several incidents, including a burst water main in Hampstead, north London, and diversions caused by a gas leak at a public house on the Finchley Road, also in the north of the city.

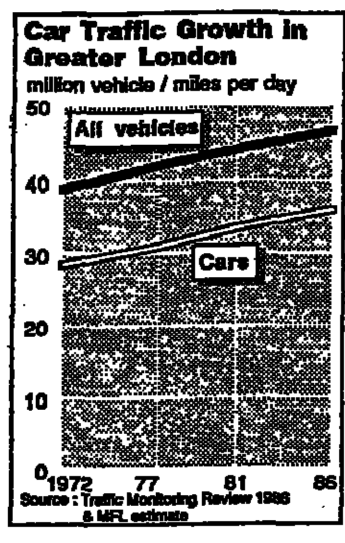
Each incident was minor, but the cumulative effect was a traffic jam which lasted about four hours, and involved an estimated 50,000 cars.

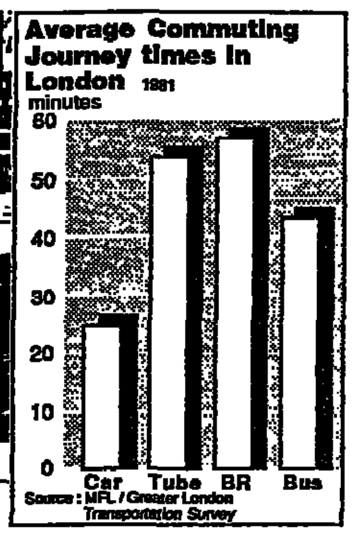
The episode underlined fears expressed by transport academics and pressure groups that the capital's roads are now so congested that this sort of traffic lock-up could become a regular hazard.

This may be unnecessarily alarmist, but London is becoming slowly more clogged up as more drivers take to the roads.

The principal reason is an annual increase of between 1 and 2 per cent in car ownership, combined with a growing tendancyto commute by car, which is outpacing the system's capacity.

The story is in the figures: total vehicle miles in inner London up 16 per cent since 1972; peak period traffic up 22 per cent in 10 years; and average peak period traffic speeds down 10 per cent since 1968, to just over 12 mph.





The roads pressure group Movement for London claims in its report, Wheels of Change, The Londoner's Journey to Work, that this trend is likely to continue because:

- Car ownership is forecast to increase from 56 per cent of households in 1981 to 67 per cent in 1991 and 74 per cent in 2001;
- Access to a car is closely identified with personal prosperity and car owners are inclined to drive to work if possible, even where alternatives are available;
- Cars are often faster door-to-door than public transport, despite chronic traffic congestion, especially for the 1m Londoners who commute to somewhere other than the City and Westminster.

This is because public transport services, like most of the trunk road network, are designed to link outer London suburbs with the centre and offer poor cross-town services.

These conclusions suggest that improvements in public transport would have only a small effect on commuting by car.

There is little scope for simply switching traffic to public transport. Peak services on the Underground system and British Rail are already heavily congested.

Even if spare capacity were available, there is no mechanism for carrying out such a policy. There is no overall transport authority for London and no attempt at integrated decision-making.

Responsibility for London's transport infrastructure is split between the Department of Transport, which has direct charge of trunk roads; the 32 London boroughs, which run the rest of the 8,000 miles of roads; the London Residuary Body, an unelected successor to the GLC, which has some responsibility for traffic planning (but no powers of enforcement); the Metropolitan Police, responsible for day-to-day traffic management; and British Rail and London Regional Transport, which run the trains, Tube and buses.

There is little communication between these authorities, and no strategic planning, although BR and LRT liaise on the successful Capitalcard pricing scheme.

London has never had a strategic transport authority, although the Greater London Council, abolished in 1985, irritated the Government towards the end of its life by trying to fulfil the role without the necessary statutory powers.

Transport planning operates in a policy vacuum, in which each of the 36 authorities is concerned with local or sectoral priorities, not the overall picture.

This is unlikely to change in the short term because the Government has set its face against the revival of an elected authority which might take up the GLC's banner.

A possible compromise has been identified by Mr Stuart Cole, senior lecturer in transport economics at the North London Polytechnic, in his book Applied Transport Economics, published last week.

The compromise is a suggestion put forward by the Commons Transport Committee in 1980 for a metropolitan transport authority, comprising representatives of operators, local authorities, and passengers.

The advantage of an authority like this would be that it might be able to analyse transport needs on a rational basis, avoiding ideological divisions on issues such as privatisation, competition and cheap fares.

Even a non-political authority would face some tough decisions, such as whether it is true, as limited evidence suggests, that virtually all road building is counter-productive since it encourages more traffic.

Most non-governmental transport experts regard a strategic authority as essential, including those with an axe to grind, such as the British Roads Federation and Transport 2000, the railway pressure group.

In the meantime, congestion can be reduced marginally through traffic management schemes, such as computerised signalling, better junctions and road improvement schemes paid for by the boroughs.

There are also some bigger schemes on the cards, including a third Thames crossing at Dartford, the extension of the A406 North Circular road to the A2 at Falconwood via a new east London river crossing, and the upgrading of the A205 South Circular to trunk road status.

The British Roads Federation has put forward radical schemes for a South Orbital Road from the A2 through Bromley in Kent, Croydon and Kingston on Thames in Surrey, to Heathrow Airport, and a tunnel under the Thames from the Victoria Embankment to Millbank.

The British Roads Federation has proposed "urbanways" along key routes into the centre, mostly beside existing railways, or on disused tracks.

In the long-term a real attack on the problem will require an authority capable of taking strategic decisions.

Judge upholds City solicitor's dismissal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

INVESTIGATIONS by Theodore Goddard, a leading firm of City solicitors, had revealed that about £1m had disappeared from three Jersey trusts the firm administered, according to a High Court judge.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, held that the partner responsible for the trusts, Mr Andrew Bingham, was validly expelled from the firm by his fellow partners.

The judge dismissed Mr Bingham's claim that he had dissolved the partnership. He had, the judge said, served notices of dissolution "with intent to conceal his own fraud."

Sir Nicolas said the facts in the case were the subject of six other High Court actions and must be investigated by the Law Society, the Inland Revenue and the Director of Public Prosecutions.

In 1985 and early 1986, questions had arisen about offshore funds that were Mr Bingham's immediate responsibility. About £280,000 had been paid from the Frame Trusts to an Isle of Man company, Frame Investments, and by that company to others.

Another £225,000 had been paid by the Lucas Charitable Trust to another company and more than £500,000 had been paid from the Sandra Natalie Miller settlement.

None of the money was readily traceable, the judge said.

When, as a result of "ever-decreasing co-operation" by Mr Bingham in the investigation, his partners referred the matter to the Law Society, Mr Bingham purported to dissolve the partnership.

His partners then expelled him on the ground that he had committed flagrant breaches of his duties as a partner, alleging a failure to give reasonable and proper explanations relating to two of the trusts.

The judge said it was clear that Mr Bingham had admitted not merely failure to give explanations, but had knowingly been a party to payment of clients' money out of trust funds, without consideration and in breach of trust.

He had further admitted a deliberate knowing suppression of information relating to his own known breaches of trust.

"Although the words are not in terms used, he is admitting fraud," the judge said.

Mistletoe prices may rise 25%

BY DAVID CHURCHILL

ROMANCE IS likely to cost more this Christmas with a forecast that mistletoe prices may rise by up to 25 per cent by Christmas Day.

The cause of the potential price increase was the October storms which led to chaos in the mistletoe-growing regions of France and destroyed a large part of this year's crop.

The Fresh Fruit and Vegetable Information Bureau said that although mistletoe prices at present were about the same level as last year - between 50p and £1 a bunch - "prices are set to rise as the festive season approaches."

The bureau added: "As our romantic tendencies increase, prices may rise by up to 25 per cent by December 25."

Prices of Christmas trees are also set to increase as a result of the storms. About 100,000 Christmas trees in the south-east of England are estimated to have been lost because of "browning" caused by salt in the wind.

The recent wet weather also hampered lifting of rooted trees in some areas which may cause shortages of supply.

Noble Fir, a popular tree which keeps its needles, may be in especially short supply.

Prices of cut trees are about 80p to £1 a foot, while rooted trees cost some £1 to £1.20 a foot.

The supply of holly was not been affected by the storms, with prices the same as last year at between 80p and £1.20 a bunch.

Any price for Barbours

BY MAGGIE URRY

HARD-UP Sloane Rangers hoping to buy their favourite Barbour weatherproof jackets at a discount have reason to be grateful to the Office of Fair Trading.

Following an allegation from a retailer, the manufacturer J Barbour and Sons of South Shields, Tyne and Wear, has given the OFT a written assurance that it will not attempt to maintain minimum resale prices

Barbour has also agreed to advise its dealers that they are free to sell its goods at whatever price they may choose.

Under the Resale Prices Act 1976, suppliers can suggest a retail price but are not permitted to impose a minimum price.

British Coal axes workshop to save £1.5m

By Maurice Samuelson

BRITISH COAL is to close one of its workshops at Trentham, Stoke on Trent, as well as associated stores to save £1.5m a year as part of its struggle to break even in 1988-89, although 288 jobs will be lost, the corporation says.

Mr Jim Dowling, secretary of the National Union of Mineworkers power group, said he was shocked and disgusted by the announcement.

British Coal says all those affected will be offered similar work at the other main workshops in Derbyshire and at York, where operations will be concentrated.

Those deciding to leave the industry will qualify for an additional £5,000 redundancy lump-sum on offer until the end of next March to assist further workforce streamlining.

The closure decision, made at national level, is said to reflect the fall in the number of pits and coalfaces and the increased reliability of mining machinery.

"It in no way reflects on the efforts of management or workforce, but is necessary in the drive for efficient operations and to achieve the break-even target," British Coal said.

Legal Notices

No. 005821 of 1987
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
BUEHLER UK LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the order of the The High Court of Justice (Chancery Division) dated 23rd November, 1987 confirming the cancellation of the share premium account of the above named Company was registered by the Registrar of Companies on 1st December, 1987.
Dated the 17th day of December 1987
Wragge & Co.,
Bank House,
8 Cherry Street,
Birmingham,
B2 5JY.
(Ref: 1755/3/JOP)

AIR PRODUCTS AND CHEMICALS, INC.
£50m 9½ Notes Due 1997

NOTICE IS HEREBY GIVEN that copies of the annual report and accounts of Air Products and Chemicals, Inc. for the year ended 30 September, 1987 are available from Baring Brothers & Co., Limited at the following address:
8 Bishopsgate
London EC2N 4AE
ENGLAND

Economy shows fastest growth rate since 1973

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S ECONOMY expanded by 5 per cent in the year to September, the fastest rate of growth seen since 1973, according to official figures released yesterday.

Growth in the non-oil economy was even faster, at just under 6 per cent, the Central Statistical Office said.

The office said its latest figures for the rise of gross domestic product in the three months to September may be erratically high. However, even if allowance was made for some "bunching" during this period, the average growth rate of the economy so far this year had been 4 per cent.

The average measure of GDP rose by 2.2 per cent in the three months to September, compared with the previous quarter to stand 5.2 per cent above the same period a year earlier.

The increase reflected roughly comparable rises in the three measures – income, expenditure and output – used by the CSO to gauge the pace of economic expansion, although the increase in the expenditure measure was particularly strong.

In turn, those measures provide a picture of buoyant growth in company and personal sector incomes, further strong rises in consumer spending and rapid growth in manufacturing output.

According to Whitehall statisticians, the last time the economy was expanding so rapidly was in 1973, when the pace of growth reached more than 10 per cent in one quarter.

Yesterday's figures also show an apparent upturn in the underlying pace of price rises, with the GDP deflator in the three months to September nearly 5 per cent higher than a year earlier. However, that in part reflected higher export prices following sterling's depreciation last year, and the CSO's deflator of domestic expenditure has been rising at a fairly constant annual rate of just over 4 per cent this year.

The boom in high-street sales this year is reflected in a rise of 2.5 per cent in the volume of consumers' expenditure in the third quarter compared with the previous three months to bring the increase over the the same period a year earlier to about 5.5 per cent.

Both personal and corporate incomes grew strongly, with earnings from employment up 8 per cent on a year earlier and the combined total of company profits and the gross trading surplus of public corporations rising by 25 per cent.

Swan Hunter wins order for second supply vessel

BY LYNTON McLAIN

SWAN HUNTER Shipbuilders was yesterday awarded the contract for the Royal Navy's second auxiliary oiler replenishment vessel, worth about £100m, but "without a large profit margin", the company said.

The order had come at a good time, the company said. "Very hard negotiations with the Ministry of Defence won the order, but the profit is small in relation to the risk," Mr Roger Vaughan, deputy managing director, said.

The company, privatised in a management buy-out in January last year after nine years in British Shipbuilders, has only three ships on its order book. One, HMS Chatham, the last Type 22 frigate, is to be launched next month. Without the latest order the 3,300 workforce would have been left with one Type 23 frigate and a cable repair vessel.

The AOR vessel, the Royal Fleet Auxiliary Fort George, is a 30,000-tonne oil and ammunition supply ship. It will be delivered in 1992. It is designed to replenish navy ships at sea, a job currently done by two separate ships. The ship will be armed by vertically launched Sea Wolf anti-missile missiles.

Ferranti has been appointed by the yard to procure the weapons systems for the vessel.

Swan Hunter expects to take on technical design and drawing staff.

The Tyne shipbuilder was the only yard invited by the MoD to bid for the 30,000-tonne oil and ammunition supply ship, but Mr Vaughan said: "The MoD would have gone out to tender if we had been unable to meet their terms."

Swan Hunter had to offer the same design, cost and building programme as Harland and Wolff would have offered. The state-owned Belfast shipyard was awarded the contract for the first AOR in April last year.

Mr Norman Lamont, former Minister for Defence Procurement, said at the time Harland and Wolff had been set a cost target of £130m for the first AOR but the cost of the second vessel would be "considerably lower and not less than approximately £100m."

Mr Alex Marsh, chief executive of Swan Hunter, said: "The improvements in productivity and overhead costs, of in excess of 25 per cent, that have been achieved since privatisation will be used to good effect in offering the MoD exceptionally good value for money."

Mr Alan Wilkinson, chairman of the Confederation of Shipbuilding and Engineering Unions at the Wallsend yard, said: "The announcement came as brilliant news and it pays tribute to tremendous team efforts."

Swan Hunter is to bid "very aggressively" for the Royal Navy's next batch of four Type 23 anti-submarine frigates and will submit proposals by the MoD deadline of January 12, Mr Vaughan said. The orders could be placed in about a year.

It's robins all over the world this Christmas

By Lisa Wood

THE GLOBAL Christmas card is fast becoming a reality. Identical designs, of lurching stagecoaches or perching robins, are likely to be stocked in shops across the continents.

Hallmark Holdings, the biggest greeting card business in the world, says tastes in Christmas cards are remarkably similar in the US and Europe, with the group looking for sales of the same cards in the Far East.

Mr Ian MacCaskill, European marketing director of the US-owned group, says there are very few changes, save those of language, made to cards after they leave the 700-strong design team in the US for overseas printing and distribution.

"The sentiment and the words are very similar," he says. "The most popular designs are stagecoaches, holly, robins and cute characters, although sales of religious cards are now slightly increasing."

There are some regional variations, with local businesses choosing from the pool of designs those cards most appropriate for their market.

"The French are very similar to the UK in their tastes, although the Germans tend to go for the more formal designs with lots of snow," Mr MacCaskill says.

Some designs are intended to cater specifically for national tastes.

But Mr David Espley, who is managing director of Universal Greetings, a subsidiary of Fine Art Development Group, says: "A couple of years ago we did a series called Beautiful Britain. Even in Scotland and Wales, we had difficulty selling those."

The UK is the biggest greetings card market in Europe. In 1984 some 1.26bn cards were sold, worth £96m. By last year the number had risen to 1.38bn at an average price of 10p.

Mr Espley, who is president of the Greeting Cards and Calendar Association, forecasts a volume growth of more than 7 per cent this year.

Fine Art Development Group, with American Greetings and Hallmark Holdings, dominates the UK greeting card market.

About 200 smaller businesses, often family-owned such as the Medici Society and Royle Publications, have a market share estimated at 30 per cent.

Charity cards have seen a slow but steady growth, and are now estimated to account for some 20-25 per cent of total sales.

While Christmas accounts for more than half of the greeting cards sold, it amounts to only about one third of the value. The majority of Christmas cards are sold in packs or big-value boxes at a much lower price than birthday cards.

British Coal rationalisation plan upheld

By Maurice Samuelson

AN INDEPENDENT assessor has upheld a plan by British Coal to slim down operations at its Manvers Complex in South Yorkshire, which has lost £55m in the past five years.

As part of a so-called survival plan, the corporation wants to reduce the complex to a single-face operation with the loss of 370 jobs.

The National Union of Mineworkers and Nacods, the colliery officials' union, appealed against the plan to the Independent Colliery Review Body set up in the closing stages of the 1984-85 miners' strike.

Mr Stuart Shields QC, who heard the appeals in London earlier this month, concluded that British Coal's plan was "reasonable" from a mining and economic point of view.

British Coal is likely to proceed with the rationalisation after its next board meeting in January.

Peter Riddell examines Kenneth Clarke's move to co-ordinate policy on inner cities

Affable activist steps into trouble spot

EVER SINCE the early hours of election night, when Mrs Thatcher proclaimed the priority of the inner cities for her third term, there has been confusion over departmental responsibilities.

This has led to Whitehall wrangling worthy of Yes, Prime Minister, with several departments claiming a say.

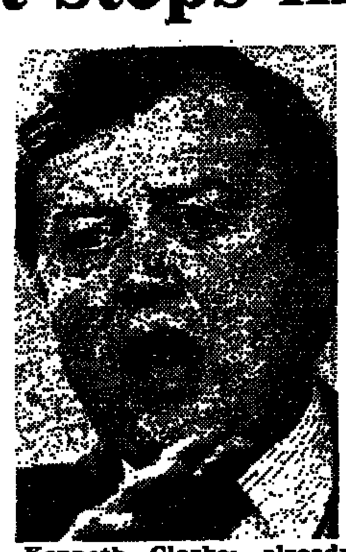
So there has been pressure for some time for the appointment of a minister to co-ordinate government action and presentation on inner cities – finally resolved yesterday with the confirmation that Mr Kenneth Clarke, Chancellor of the Duchy of Lancaster and Industry Minister, would take up that role.

The appointment has been held up for some weeks. First, there has been the Prime Minister's desire to retain direct control of inner-cities policy. Indeed, it was underlined yesterday that Mrs Thatcher would retain overall responsibility for inner cities and would chair the monthly meetings of the co-ordinating Cabinet committee on the subject.

Secondly, there has been the problem of whom to pick. There has been alleged rivalry between the environment and trade and industry departments since the June election, when Lord Young, Trade and Industry Secretary, moved over to the DTI with a much-proclaimed inner-cities brief. Yet the Environment Department spends 3½ times as much on inner cities as the DTI, as officials and junior ministers have pointed out – although Mr Nicholas Ridley, Environment Secretary, has apparently taken a relaxed view, dismissing talk of conflict.

Part of the problem is that inner-cities policy has developed in an ad hoc way, as part of wider departmental responsibilities.

About £2bn a year is spent directly on inner-city projects, of which the Employment Department accounts for £1.1bn via



Kenneth Clarke: already closely involved

training and related projects run mainly by the Manpower Services Commission. The Environment Department spends £557m for various urban aid schemes and the urban development corporations, with the DTI spending £164m in the current financial year, mainly on the City Action Teams and the inner city task forces. A further £200m is spent by a variety of departments on crime prevention, raising educational standards and improving road and transport facilities.

Yesterday's announcement emphasised that there would be no change in departmental responsibilities and administration of programmes. It was stressed that Mr Clarke's role would be to co-ordinate. For example, he will help prepare a white paper for early next year.

Mr Clarke has been chosen partly because he is already closely involved with the issue through the 16 inner-city task forces which are aimed at attracting private sector enterprise and money.

In the absence of new schemes or additional public spending, the main emphasis will be on using public money to encourage a larger private-sector involvement, looking to the example of the regeneration of some previously run-down US inner-city areas.

Mr Clarke said yesterday that he would be acting as the initial point of contact for private-sector companies wanting to become involved in inner cities – a "one-stop shop".

Moreover, Mr Clarke has some time available as Lord Young's deputy in a department with two Cabinet ministers, as well as a reputation for energy and affability essential in such a sensitive role. He is naturally an activist by temperament and a formidable advocate, which has made him one of the Government's best communicators.

Perhaps appropriately he has on the wall of his DTI office an old Hubert Humphrey campaign poster which carries the slogan "Some talk change, others cause it."

Buy-out leaves 3i holding Moores shares

BY CHARLES BATCHELOR

A MANAGEMENT buy-out of the Moores Furniture Group, being negotiated at the time of the stock market collapse on October 19, has left Investors in Industry (3i) holding almost all of its shares.

3i, the investment group specialising in unquoted companies, had intended syndicating most of the £30m worth of Moores shares to other investment groups, but the sharp fall in share prices made this impossible, 3i said yesterday. It has deferred the sale of the shares until stock markets recover.

3i has been caught out by the market crash because the Moores buy-out was arranged as a bought deal, an increasingly popular way of arranging buy-outs. Instead of finding buyers immediately for the shares of the buy-out company the lead investor takes all of them on to its books and syndicates them later.

This allows deals to be put together quickly and confidentially and prevents rival bidders trumping the managers attempting the buyout. The Moores buy-out, valued at £80m, was the largest bought deal on record.

The 27 per cent fall in stock market prices since the crash has theoretically wiped about £22m off the value of Moores, although 3i stressed the devaluation was a purely paper loss.

The buy-out package also consisted of £40m of medium-term loans, all of which have been placed with other investors, and of £10m of mezzanine finance (unsecured loans carrying a premium rate of interest) which has been retained by 3i, as originally intended.

The nine-strong management team of Moores, headed by Mr Fred Davies, chief executive, has put up £500,000 for a stake in the business which could rise to 15 per cent if certain performance targets are achieved. Their position is unaffected by the failure to sell the other shares, 3i said.

The original plan to obtain a listing for Moores in the next year or two has probably been delayed by the market crash. Moores specialises in fitted kitchens

● Phillips & Drew, the broking subsidiary of Union Bank of Switzerland, yesterday refused to comment on whether it had suffered losses from holdings of Blue Arrow shares, writes **Richard Waters**. This follows the admission by County NatWest on Thursday that it has suffered paper losses of £49m on shares in the company.

County acted as underwriter to Blue Arrow's £837m rights issue in the autumn, while P&D arranged the sub-underwriting. Only 49 per cent of the shares were taken up.

The remainder were "successfully placed," according to P&D, though it declined to comment on the size of any Blue Arrow holding still in the hands of the firm's market makers, or any losses suffered by the firm.

Blue Arrow shares, priced at 166p in the rights issued, closed unchanged at 93p yesterday.

Stockbrokers cut nearly 100 staff jobs

BY CLIVE WOLMAN

TWO SMALLER stockbroking firms which focus on dealing for smaller, private clients are making nearly 100 of their staff redundant.

Stancliffe, a subsidiary of the Allied Provincial stockbroking group based in Yorkshire, Cleveland and Tyneside, is planning to transfer all its administrative and settlement operations to Glasgow from Middlesborough. This will permit an integrated operation to be run with its sister firm, Parsons and Co.

At present, 140 people are employed in its Middlesborough operations. Mr Francis Taylor, Stancliffe's senior director, said that a fair proportion of these would have to be laid off although some would be relocated. The exact number of redundancies had not yet been decided, he said, but it could be as many as half the total. Integration of the settlements' department with that of Parsons was agreed in principle earlier in the year, he said, but the process had been accelerated by falling transaction volumes after October's stock market crash.

In another development, A.J.Bekhor, a London-based broking firm, has made 29 of its staff, or about 10 per cent, redundant over the last two days, also as a result of declining transaction volumes. The redundancies affect both the dealers' and the settlements' department.

Two millionth car

THE two millionth new car to be sold in the UK this year will be registered before Christmas, the Society of Motor Manufacturers and Traders said yesterday.

The confirmation that the UK market would break through 2m for the first time came as sales continued this month at a higher level than last December.

Hospitals face 'crisis cuts'

BY IVOR OWEN

HOSPITALS IN the London area face an immediate series of "crisis cuts" over the Christmas period, Mr Jeremy Corbyn, the Nupe-sponsored Labour MP for Islington North, told the House of Commons yesterday.

He said a wide range of facilities was about to be curtailed or withdrawn, despite the additional £101.8m made available by the Government for the NHS earlier in the week.

Mr Corbyn said these included the closure of 110 beds at King's College Hospital, Camberwell, nine wards in Wandsworth, and the closure of the Royal Northern hospital in Islington, involving the transfer of patients to the Whittington hospital.

Eight wards in Merton were being closed for two weeks, six wards were being closed for an unspecified period in Brent and a maternity hospital was being closed in Barnet.

Sir Brandon Rhys Williams, Tory MP for Kensington, claimed there were conflicting opinions among those within the NHS best qualified to know, about how to deal with the problems it faced on a long-term basis.

However, he insisted that the additional money the Government had provided for the current financial year had gone a considerable way towards meeting the emergency "which does exist."

Mr Tony Newton, Health Minister, protested that Mr Corbyn's statements about the closure of the Royal Northern Hospital had been misleading.

The hospital would close over Christmas as part of the normal seasonal arrangements for reducing services rather than as an attempt to save cash.

This year, for the first time, in-patients would be concentrated at the Whittington hospital rather than maintaining reduced services at both hospitals.

Out-patient services would continue to be provided at the Royal Northern during the holiday period.

Merchant banks' body in merger

BY RICHARD WATERS

THE seventy-four year old Accepting Houses Committee, the trade association for the City's blue-blooded merchant bankers, is to merge with the upstart Issuing Houses Association – founded in 1946 – to form a new grouping for London's merchant banking and securities businesses.

The creation of the British Merchant Banking and Securities Houses Association, which comes into effect on January 1, marks the end of an era for merchant banks.

In the past, the AHC has clung to its all-British, independent merchant banking traditions. This has become increasingly difficult with the entry of UK clearing and foreign banks into territory previously dominated by AHC members.

The 16 members of the AHC and the IHA's 51 members are expected to be joined by a number of other securities businesses, taking the total membership to about 80.

The association will cover four areas of business: merchant banking, corporate finance, asset management and securities trading. It will be governed by a committee comprising the chairmen of all the association's members.

The Bank of England has given its support to the new association.

The first chairman of the association is Mr Evelyn de Rothschild, chairman of N. M. Rothschild and chairman of the AHC since 1985.

Student grants to increase by 4%

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A 4 PER CENT rise in grants for students on degree courses was announced by Mr Kenneth Baker, Education Secretary, yesterday.

The increase, to come into force next autumn, will raise the main rate of grant for undergraduates living away from home while studying outside London from £1,972 to £2,050. For those living away and studying in London it will go up from £2,330 to £2,425, and for those living at the family home from £1,567 to £1,630.

For postgraduate students the increases will be: living away and studying outside London – from £2,859 to £2,975; living away and studying in London – from £3,492 to £3,630; living at home – from £2,075 to £2,160.

Ms Vicky Phillips, president of the National Union of Students, described the announcement as the worst possible Christmas present for students.

Battle over poll tax bill continues

By Peter Riddell, Political Editor

THE GOVERNMENT and its Tory critics yesterday engaged in a continuing propaganda battle over the future of the community charge or poll tax bill. The bill, which aims to replace domestic rates, had a majority of 72 at its Commons second reading late on Thursday.

Ministers described the margin as "comfortable" and talked confidently of getting the bill through largely unscathed. They had no plans to introduce big concessions.

Mr Edward Heath, the former Prime Minister who voted against the bill, commented: "The Government must abandon its attitude that anybody who disagrees with it is therefore the scum of the earth and has to be publicly ticked off." He said the bill was "greatly upsetting a very large number of Conservative councils over the country who work very hard to produce good results."

Party whips put the number of Tory backbench rebels at 25, with 17 MPs voting against and eight abstaining, rather lower than earlier estimates.

However, the rebels point out that the majority would have been nearer 50 but for the absence of some opposition MPs, mainly Ulster Unionists.

The critics argued that a sizeable number of Tory backbenchers voted for the second reading on the view, and the partial assurance, that concessions would be made. They believe that, in the absence of help for the less well-off, these MPs may rebel at report stage or on third reading.

More than 40 Tories have signed a motion supporting the introduction of an ability-to-pay element into the charge.

The propaganda battle will continue as the bill goes through its standing committee in January and February, until key votes are taken, probably in late March or early April, when it returns to the floor of the House for its report stage.

Expansion at Cardiff foundry

By Nick Garnett

PARKFIELD, the engineering and distribution group, is spending £5.5m to more than double production capacity at Eurocast International Foundries which makes aluminium alloy wheels for the motor industry.

The group, which bought Cardiff-based Eurocast for £6.8m in October, said yesterday that the development would double Eurocast's employment to about 400 by the second half of next year.

Eurocast, main customers of which are Rover and Ford, manufactures 8,000 wheels a week.

Michael Cassell traces the path to political unity, and warns of obstacles ahead

Alliance has constitution – after 200 hours

AFTER MARATHON negotiations which have tested the patience and politics of the 34 negotiators almost to breaking point, the New Liberal and Social Democratic Party yesterday finally published a draft constitution intended to provide the framework for a remarkable political reconstruction.

It is clear that the proposed constitutional package will prove unacceptable to some activists, who claim it will establish a party which leaves too much power at the top, lacks accountability and is too elitist. With the all-important policy statement yet to come, there remains plenty of scope for further, potentially calamitous, dissent.

Even so, more than 200 hours of negotiations have resulted in a 63-page document intended to blend the best elements of the two parties' respective constitutions.

In essence, the agreement allows for a degree of decentralisation which arguably protects the concept of "grass-roots" Liberalism while imposing upon the new party a more deliberative, less "accident-prone" policy-making process that reflects the Social Democratic way of doing business.

The draft is open to amendment over the next three weeks, following consultation with the membership, although the odds are that it will include few alterations when members meet in January to decide whether the package goes to a ballot. The constitution will, in any case, be reviewed after the next general election.

The policy preamble of the NLSDP – thankfully negotiators say it may be known as The Alliance – talks of a party intent upon building and defending a "fair, free and more equal society shaped by the values of liberty, justice and community in which no-one shall be enslaved by poverty, ignorance or conformity."

The party will have a federal structure, with state parties operating in Scotland, Wales and possibly Northern Ireland. Regional parties will operate in England until a suitable state structure can be introduced. Local parties will be organised throughout Britain, reflecting parliamentary constituency boundaries.

The policy-making process will involve a federal policy committee responsible for preparing "green paper" interim policy documents and "white paper" definite policy proposals and submitting them to the federal

David Steel and Robert Maclennan

conference, which will normally meet twice a year and will be the sovereign representative body of the party. Conference representation for local parties will reflect the size of local membership and the principle of one member, one vote will extend to all decision-making.

There will also be a federal executive, which will have wide powers to oversee the running of the party and will include the party president, party leader, a peer, two MPs, councillors and representatives of the state parties. It will be able to change party rules and will be able to call for ballots of the membership when the "values and objectives" of the party are at issue.

The draft constitution also states that parliamentary constituency short-lists of two to four must include at least one woman, with larger lists containing at least two. The leader of the party will be elected next autumn by members and must be drawn from among the ranks of MPs.

There is also an appeals procedure for the resolution of party conflicts, based on a 36-member federal appeals panel with final and binding powers to adjudicate on any disputes.

Perhaps some of the most potentially difficult elements of the draft package are contained within the transitional arrangements intended to see the two parties through the merger period. There are already complaints that the interim structure covering this period provides a recipe for administrative chaos, with accusations that the old SDP will be able to wield authority out of proportion to its representation within the new party.

The party leaders, however, are likely to dismiss such complaints as the narrow-minded objections of activists with limited horizons. Throughout the negotiations, which have generally proved more tedious than inspirational, they have fixed their sights much further ahead and reminded the constitutionalists of the fate which awaits if they fail to go forward together.

Pensioners will be compensated

BY IVOR OWEN

A TOTAL of 9.5m state retirement pensioners will be entitled to a special payment of £8 in February to compensate for the inaccuracy in the retail price index caused by a computer error.

This was announced in the Commons yesterday by Mr Nicholas Scott, Social Security Minister, when it was also made clear that those responsible for administering private occupational schemes providing increments based on the index are free to decide for themselves whether to make any compensatory payment.

No extra statutory payments will be made to pensioners in public service occupational schemes administered by central government.

Mr Scott revealed that it will cost more than £5m to complete the administrative changes caused by the computer error; the level of the index and the year-on-year inflation rate was understated, on average, by a 10th of one per cent for most of the period between February 1986 and October 1987.

He also announced that between £10m and £15m of taxpayers' money is to be given to charities to ensure that the Treasury does not benefit from the £109m underspend on social security benefits arising from the miscalculation of the index.

In addition to state retirement pensioners, compensatory payments, involving a total in excess of £100m, are to be made to supplementary pensioners, those receiving widows' benefits, industrial injuries benefits, war pensions, invalid care allowance, invalidity benefit, mobility allowance, attendance allowance and severe disablement allowance.

Mr Scott promised that action would be taken to correct benefit rates for all recipients at the April 1989 uprating.

Explaining why there would be no compensation for members of public service occupational schemes, Mr Peter Brooke, Paymaster General, said the benefit levels varied widely and payments at a flat rate would not be appropriate.

"Precise compensation would have administrative costs out of proportion to the sums concerned," he said.

Consultations would take place with the appropriate authorities in the case of certain other categories of public service pension schemes, including those for local government, the police and the fire service.

Mr Brooke gave an assurance that charities active in support of needy members of the public services would be among those who received the payments to be made to prevent the Treasury benefiting from the computer error.

Mr Robin Cook, shadow Social Services Secretary, said it was extraordinary that it had taken 18 months to discover the computer error.

He maintained that there was no possible justification for drawing a distinction between state retirement pensioners and public service pensioners "other than this Government's distaste for civil servants."

Mr Scott insisted that the Government had been under no legal obligation to make any compensatory payments but acknowledged that it had been under a "moral obligation" to do so.

Philip Stephens adds: The Employment Department confirmed yesterday that the annual inflation rate fell to 4.1 per cent in November from 4.5 per cent the previous month after adjustments had been made to take account of the error.

Between the latest two months the index rose by 0.5 per cent, with price increases spread across a range of goods. In particular, there were price rises for bread, potatoes and seasonal vegetables Part of the monthly increase also reflected the correction to rectify the earlier error.

The index stood at 103.4 in November, up from 102.9 in October (January 1987 = 100).

Prior Harwin pay-out to be lower

By Nick Bunker

THE LIQUIDATORS of Prior Harwin Securities, the share dealer, say its creditors can expect to receive only 30p for every £1 they were owed when the company was closed by Whitehall officials a year ago.

This is much less than the 40p-50p in the pound pay-out forecast by Mr Martin Bird and Mr Christopher Morris when they took over as liquidators in May.

Mr Bird and Mr Morris say, in a letter to be sent to creditors early next week, that this is because the total value of claims is about 50 per cent above the estimate by Prior Harwin's directors last December.

They warn that the creditors will probably have to wait until at least April before receiving any money.

The Trade and Industry Department forced Prior Harwin to stop trading on December 22 last year. The company was compulsorily wound up in the High Court in London on March 31.

The DTI's grounds for intervention included allegations that Prior Harwin lacked adequate professional indemnity insurance and had mismanaged its affairs

Among its creditors were an estimated 800 investors who had tried to deal in British Gas shares through the company. It was one of a handful of securities firms which acted as "grey market" dealers, offering to quote prices for newly-issued shares before dealing officially started.

Mr Bird and Mr Morris say in their letter that they have agreed 850 claims and expect to agree the remaining 550 by the end of March.

However, they warn that they will have to make a two-stage application to a court for directions about the treatment of a number of claims, before they can declare what the pay-out will be. "The court's directions may be such as to cause further considerable delay," they say.

Pensions move to deter teachers from striking

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT acted yesterday to deter teachers from taking strike action by making it much more difficult for them to safeguard their index-linked pensions.

Mr Kenneth Baker, Education Secretary, announced proposals which would prevent teachers in England and Wales from making up foregone pension contributions unless they made back-payments for at least 30 days.

This would be likely to discourage teachers from going on strike, particularly for repeated short periods, because of fear of damaging their pension rights.

The Government is anxious to avoid a repetition of the waves of strikes in schools over the past three years. Principally, these have been part of the long-running pay dispute.

However, ministers have also been alarmed at teachers' readiness – particularly in inner London – to strike over other issues such as job transfers, staffing numbers and refusal to cover for absent colleagues.

At present, teachers returning from strikes can opt immediately to make good the break in their pension contributions under what are known as "current added years" arrangements. This involves paying both the employee and employer contribution – 15.45 per cent of salary under current terms.

In a written answer to a parliamentary question yesterday, Mr Baker said: "I have come to the conclusion that teachers who decide to withdraw their services by striking should no longer be able to take advantage of these arrangements."

Under proposed amended regulations, the minister said, teachers would not be prevented altogether from making good pension rights lost during strikes. However, they would have to do so under "past added years" arrangements.

These would allow back-payment "at a later date" and would require a minimum contribution of the employee and employer contributions for 30 days.

There is to be a one-month consultation period on the proposed regulations. They are expected to be laid before parliament next March, to come into effect in April.

Changes to pension rights were made after the miners' strike in 1984-85, although miners retain a right to buy back employee contributions under terms which provide for British Coal also to pay the corresponding employer contributions.

Whitehall creates water industry post

By Andrew Taylor

THE GOVERNMENT has created a post for a senior civil servant who will be responsible for all matters affecting the water industry, including the planned privatisation of the 10 English and Welsh water authorities.

Mr Patrick Brown, 47, will take up his new job as deputy secretary for water for the Environment Department after Christmas. The creation of the post reflects the importance attached to privatisation.

Mr Brown has moved from the Transport Department where he was involved in the privatisations of the National Freight Company and the National Bus Company.

Water was previously the responsibility of Mr Martin Holdgate, deputy secretary, environment protection, and chief scientist, who retires at the end of January.

Growth in money supply slows

BY SIMON HOLBERTON

THE GROWTH of UK money supply moderated last month as receipts from the sale of British Petroleum shares and the apparent absence of official intervention in foreign exchange markets kept money aggregates in check.

The gilt-edged market, which had been worried by rumours of a massive rise in bank lending, settled down after the Bank of England released its provisional November report showing a seasonally-adjusted increase in bank lending of £3.2bn (of which £1bn was provided by UK clearing banks) against an average rise of £3.5bn over the past six months.

The figures show that sterling M3, the broad money supply aggregate, did not expand in seasonally-adjusted terms last month and that its rate of growth over the 12 months to November was an un-adjusted 21.3 per cent, compared with 22.1 per cent in the 12 months to October.

The money aggregates have been affected by some unusual factors over the past two months. The payment by City institutions of £1.5bn for BP shares last month contributed to a £1.6bn contractionary influence on M3. In October, by contrast, the Government's decision to pay BP £1.5bn before it had received this money had an expansionary effect on M3 of £600m.

During November, when the pound was on the sidelines in foreign exchange markets, the Bank did not have to intervene to cap sterling at the DM3 level. In October, the Bank's intervention was responsible for a rise in M3 of around £2bn.

The rate of growth in M0, the narrow money supply measure which the Government says it monitors most closely, was 0.3 per cent in seasonally-adjusted terms, giving an un-adjusted growth of 4.9 per cent in the 12 months to November.

This falls well within the Government's target range of 2 per cent to 6 per cent M0 growth over the year and is below the 5.5 per cent 12-month rate recorded in October.

The Banking Information Service said personal sector borrowing from UK clearers rose by £828m, against an £883m rise in October. Mortgage lending accounted for £685m of this total. Other consumer credit rose £143m, including credit- card lending of £68m.

The financial sector's borrowings dropped during November, with a fall in lending to securities dealers of £126m and a decrease of £155m to other financial institutions. Property company borrowings increased by £157m. Within other corporate sectors, changes were negligible.

BIS said it appeared that corporate customers had switched into other forms of lending during the month.

Christmas opening threat to Harrods

BY JIMMY BURNS, LABOUR STAFF

THE House of Fraser, the UK's largest department store, is being threatened with legal action over its plans for Christmas working.

Usdaw, the shopworkers' union, said yesterday it planned to take the action on the grounds that the company's decision not to pay its employees premium rates for working on December 28, a bank holiday, was a breach of "custom and practice".

The action is likely to prove a test case for the retail sector as it attempts to move towards greater workplace flexibility under the provisions of the Wages Act 1986.

The act, which became effective only this year, abolishes statutory requirements on overtime payments as previously defined by the wages councils.

Mr Ken Tait, Usdaw union convenor at Harrods, the House of Fraser's flagship in Knightsbridge, London, said: "This is the first time our union has taken a legal stand on this. We fear that what is done will set a precedent for future bank holidays."

The move follows the breakdown on Thursday of talks aimed at averting the threat of a strike over the Christmas working arrangements.

The union said it had decided to take the company to court, rather than immediately take industrial action, as it believed this would prove more effective. It claimed it had collected the signatures of about a quarter of the estimated Harrods workforce of over 3,000 in a protest against the company's policy.

The House of Fraser says it has elected to give staff a day off on December 26, thereby providing them with a three-day break. It therefore believes there is no justification for considering December 28 as anything but a routine working day.

● A survey published yesterday by Industrial Relations Services indicates that Christmas casual staff generally receive an hourly pay rate in excess of the statutory minimum of £2.20, although salaries are higher in the south-east than in the north or Scotland.

90 nerve wracking places to be

By David Brindle

IT HAS officially become very taxing for expatriate Britons working in Ethiopia, Liberia, Nicaragua and the Solomon Islands.

It has grown moderately difficult for those working in Anguilla, Bolivia, Paraguay, Papua New Guinea, Rumania and Tuvalu.

At the same time, life has bucked up for Britons resident in Belize, Guatemala, Nepal and Sierra Leone. And as for those in Qatar and Yugoslavia, well things have improved beyond all comparison.

These precise measures of the relative drawbacks of working overseas have been made by the Government in its first review of what it calls "difficult posts" for civil servants.

There are 90 countries, or part-countries, which carry a special Civil Service pay allowance on grounds of the assessed "exceptional stress and/or harassment" experienced there. The 90 are divided into three equal groups according to 11 factors ranging from security to *sanitation*.

Group one countries attract an allowance of 12 per cent for married or "accompanied" civil servants and 6 per cent for those who are single; group two countries attract 8 per cent and 4 per cent respectively; and group three similarly attract 4 per cent and 2 per cent.

The Treasury said yesterday that a main reason for the allowances was to enable staff to take recuperative breaks away from population centres. "Individuals in these countries need to get away from it all," remarked an official.

Although many might think that being posted to Fiji was geting away from it all, the review has awarded the islands a group three rating, *presumably on account* of the recent coup.

Other newcomers to the nerve-wracking 90 include Rumania, straight into group two alongside Paraguay and co, and Algeria, Malaysia, Costa Rica and India (New Delhi) – all newly admitted to group three.

Group one countries being joined by Ethiopia, Liberia and Nicaragua include, inevitably, Afghanistan, Iran, Iraq, Lebanon and Libya and, less clearly, Nigeria and Guyana.

Belize and others have fallen from group one to group two, while Argentina has lost its group three rating five years after the hostilities with Britain.

Qatar and Yugoslavia, formerly in group two, have *improved so dramatically* they, too, are out of the 90 altogether and are, officially, of the better class of posting.

Michael Donne reports on the suspension of Paris flights from Docklands

Stolport flies into air traffic trouble

YESTERDAY'S suspension by the Civil Aviation Authority of flights between the new London City Airport and Paris by Brymon Airways and Eurocity Express is a big blow to the hopes of getting the Docklands venture rapidly off the ground.

The £32m airport, popularly known as Stolport, was formally opened in late October. It was progressively demonstrating its value, especially to business travellers. Both airlines using the airport had hitherto publicly expressed satisfaction with progress.

The airlines had been handling between 800 and 1,000 passengers each a week, with load factors – the proportion of available seats filled – averaging between 30 and 40 per cent. Some flights had been full, especially in the early mornings, and inbound loads from Paris were especially good.

Those figures are well below the airport's capacity of about 1.2m passengers a year, but there seemed hope that they would expand steadily.

What nobody suspected was that Brymon was unhappy about air traffic control arrangements, and considered they were inadequate to the point of hazarding safety on the Stolport-Paris route.

There appear to be no difficulties with the Brussels route. Flights to Paris have been suspended, but Brussels operations by Eurocity Express continue.

The Brymon complaints, expressed in 12 letters from Mr Charles Stuart, chairman of Brymon, to the chairman of the Civil Aviation Authority, argue that although the Stolport is controlled from the Heathrow air traffic control centre, its flights are not included in the London Terminal Manoeuvring Area. For part of their journeys therefore the flights are not directly under radar control.

According to Brymon's flight operations director, Captain H Gee, pilots were for part of their flights having to "eyeball" their way – in other words, use visual flight rules.

The CAA does not regard this as a hazard. It argues that such a situation is not unusual, and that its own pilots have test-flown the Stolport-Paris route and consider it to be safe.

But the CAA says it cannot ignore Brymon's attitude, especially since Brymon stresses that in recent weeks three "air misses" – the proximity of other aircraft likely to be hazardous – have been reported.

The CAA takes the view that if the operator does not like the route, it should not choose to fly it.

The authority says that in the light of those matters it cannot at present be satisfied that any operator is competent to secure the safe operation of aircraft on public transport flights between the LCY (Stolport) and Paris. It is suspending the licences during a top-level inquiry, headed by ace Concorde pilot Mr Brian Trubshawe.

The London City Airport: hit by flight suspensions

Whether any Stolport-Paris flights will be restored, and when, depends on the outcome of that inquiry. If it finds that there is some hazard, and that air traffic control needs to be improved, no flights to Paris will be permitted until such improvements have been achieved.

If it finds that Brymon's complaints are unfounded, the CAA will have to reconsider whether to restore the licences to Eurocity whilst keeping Brymon in suspension.

The situation is a blow to John Mowlem, the engineering concern which has spent £32m developing the Stolport. It is a massive blow to the dream of inter-city air services into and out of Britain.

Authorities in various parts of Britain have been watching the Docklands Stolport experiment with interest, with a view to establishing similar ventures.

The vision of a network of inter-city air services throughout Britain and linking Britain with the Continent is, for the time being, relegated to the background.

The expansion of services from the London Stolport to other destinations is now also in doubt, until the air traffic control situation is clarified.

As a result of yesterday's developments, Brymon has temporarily lost six return flights daily to Paris on weekdays and one return flight on Saturdays and Sundays, in association with Air France.

Eurocity has lost four return flights daily to Paris on weekdays, two return flights on Saturdays and one on Sundays.

But its Brussels operations are secure – three return flights daily on weekdays and one return flight on Saturdays and Sundays, in association with Sabena, the Belgian flag airline.

The airlines have not disclosed the details of their traffic figures for commercial reasons, but Brymon and Eurocity have said they are satisfied with results after the first seven weeks of operations, which makes the suspensions all the more disastrous commercially.

Both airlines had been planning to expand their networks from the airport. Flights to Amsterdam were expected to start early in the New Year, with Brymon thereafter extending to Newquay, and Eurocity expanding to Dusseldorf, Rotterdam, Guernsey, Jersey and Manchester.

Local councils strong in personnel management

BY PHILIP BASSETT, LABOUR EDITOR

ALMOST a quarter of senior personnel managers are now earning more than £30,000 annually, according to a survey of personnel management work

The survey, carried out for the forthcoming Personnel Today magazine, which is to be launched in February, estimates the number of personnel managers in the UK at about 125,000.

Personnel sections are strongest in local government, and banking and finance, according to the survey, which was carried out for the magazine by MIL Research.

In local authorities and the health service, 85 per cent have a personnel department and 28 per cent of those employ more than 10 personnel professionals. By contrast, only 4 per cent of companies in manufacturing have personnel departments of this size, with the majority (62 per cent) employing fewer than three professionals each.

Forty-two per cent of personnel officers are women, with a third of them reaching senior positions Among personnel directors, more than 23 per cent earn more than £30,000 annually, though for personnel overall – directors, managers and officers – 49 per cent earn between £10,000 and £17,500 annually.

In addition to traditional work of recruitment, record keeping and staff welfare, personnel managers are now involved in a wide range of activities, from running training courses to administering pension schemes.

Employer takes part of blame for strike

BY JIMMY BURNS, LABOUR STAFF

POOR management contributed last year to one of the longest-running UK industrial disputes of recent years, according to Mr Tom Clarke, the retiring non-executive chairman of Silentnight, the multi-million pound bedding firm based in the north of England.

Mr Clarke, who founded Silentnight with his wife 42 years ago, yesterday stopped short of justifying the unions' decision to take strike action at the company in June 1985. But he blamed inadequate communication with the shopfloor for provoking the dispute which lasted for over 18 months.

"You do not get an industrial dispute in this part of the world unless it is contributed to by poor management," he said.

Mr Clarke's comments referred largely to managers that were no longer with the company. However his statement, echoing similar comments made on the day of his retirement last week, will be seen by some militant trade unionists as belated recognition that they were right in taking industrial action.

Like the News International print dispute at Wapping, the Silentnight issue came to prominence when the company dismissed 346 workers who had gone on strike following a lawful secret ballot.

Management at the time blamed the dispute on the furniture workers' union FTAT for failing to communicate with its members.

APPOINTMENTS

Executive changes at Murray Johnstone

Mr Nicholas McAndrew, managing director of Rothschild Asset Management, will be joining Glasgow-based investment trust group MURRAY JOHNSTONE on March 1.

Rothschild is making a number of senior executive changes. As reported yesterday, **Mr Alfred Vinton,** vice chairman of Morgan Guaranty in London, will be joining N.M. Rothschild & Sons in the middle of January as a director and chief operating officer. The bank says this appointment is to enable **Mr Evelyn de Rothschild** to spend more time on long term strategy development, both at home and overseas, and emphasises that the arrival of Mr Vinton is unconnected with the departure of Mr McAndrew, for whom no successor has been appointed.

Mr McAndrew qualified as an accountant with Peat Marwick McLintock before joining S.G.Warburg & Co., where he became a director in 1969. In 1975 he became chairman of Warburg Investment Management and a director of the Warburg parent company, Mercury Securities. He joined N.M.Rothschild in 1979.

In Glasgow he will succeed **Mr Raymond Johnstone,** at present chairman and managing director, who will then become executive chairman.

To complement the new appointment **Mr J.M. Watherston** becomes a deputy chairman of the investment trust group, while an executive committee of the Murray Johnstone board has been formed with five directors being given responsibility for specific areas. These are: **Mr J.G.G. Barclay** (finance); **Mr A.G. Stewart** (listed investment); **Mr R.S. Peters** (unlisted investment); **Mr A.C. Clapperton** (investment services); and **Mr F.G.S. Dalgarno** (corporate services).

The group has made the following appointments to subsidiary boards: at Murray Johnstone - **Mr C. Dobson, Mr C.I. Nicholls, Mr R.F. Scullion, Mr I.W.P. Tulloch,** and **Mr W.G. White;** at Murray Johnstone Investment Management - **Mr C.F.P. Adamson, Mr C.A. Biggart, Mr K. Cox, Mr C. Dobson, Mr J. McKechnie,** and **Mr P.J. Montgomery;** at Murray Johnstone Pension Management - **Mr P.J. Forrester, Mr J.J. Guthrie,** and **Mr E.M.C. Kease;** at Murray Johnstone Developments - **Mr A.N. MacG. Fraser** and **Mr A.D. Maclellan.**

★

Mr Harvey Roberts, northern regional director of the HAISTE GROUP, becomes deputy chairman on January 1 when **Mr Hugh Brooksbank,** the present deputy chairman, retires. **Mr Andrew Fountain** becomes managing director of Haiste International, remaining south east regional director. **Mr Ian Ramsden,** managing director of Haiste Business Services, adds UK marketing to his responsibilities.

★

ACORN COMPUTER GROUP has appointed **Mr Harvey Coleman** as managing director from January 4. **Mr Bruno Soggiu,** who has been acting managing director, remains chairman. Mr Coleman is head of the market strategy group at Olivetti's international headquarters in Ivrea.

★

TIPHOOK has appointed **Mr Tom Phillips** has been appointed group finance director of CTR International, its trailer rental subsidiary. He was group finance controller of Tiphook.

Mr Derek G. Pickering, group financial controller, has been appointed to the board of the FRAZER-NASH GROUP from January 1. He also becomes a director of all the subsidiary companies.

★

Mr Norman Davenport, sales director, Caledonian Paper, and **Mr Veijo Valve,** managing director, Nordland Papier GmbH, have been appointed to the board of KYMMENE UK HOLDINGS, which will acquire Nordland Papier UK on January 1. From July 1 Kymmene Paper will be merged with Star Paper. The main board of Kymmene-Star Paper will be: **Mr E.V. Olander** (chairman); **Mr P. Stackelberg** (vice chairman); **Mr D.R. Wightman;** and **Mr D.H. Smethurst** (secretary). The management board of Kymmene-Star Paper, which will be operational on February 1, will be: Mr Olander, managing director; Mr Smethurst, director administration and finance; **Mr E. Gibson,** general manager operations; **Mr L.A. Wahlroos,** general manager merchant sales division; **Mr J. Tollet,** mill and export sales division; **Mr T. Stjernschantz,** general manager direct sales division; and **Mr R. Moorcraft,** secretary.

★

CAPITA GROUP has appointed **Mrs Julia Fowler** as a director of its subsidiary Capita Training.

★

Mr John Sinclair, UK actuary at GUARDIAN ROYAL EXCHANGE, has been appointed assistant general manager (services).

★

AIM GROUP has appointed **Mr Peter Forbes** to the board. He is managing director of wholly-owned subsidiary Jecco Aviation.

★

Mr Johan Beckman has been appointed an executive director of the SCANDINAVIAN BANK GROUP in charge of its Swedish business. He joins from Samuel Montagu & Co., where he was an executive director responsible for finance and capital markets in Scandinavia, Western Europe and Comecon.

ECONOMIC DIARY

MONDAY: November cyclical indicators for the UK economy. Third quarter revised figures for manufacturers' and distributors' stocks. EC research council meets in Brussels. Launch of largest trawler to be built in the UK for more than a decade, Cochrane's Shipyard, Selby. British Medical Association statement on young drivers and the effect of drink and drugs. Statement from Mr John Walsh, National Union of Mineworkers presidential candidate. Gulf Co-operation Council Foreign Ministers meet in Riyadh to prepare for the council's December 26 summit.

TUESDAY: EC Industry Council meets in Brussels. Organization for Economic Co-operation and Development publishes world economic outlook.

WEDNESDAY: Balance of payments current account and overseas trade figures for November. New orders in the construction industry in October.

THURSDAY: The Foreign Ministers of India and Pakistan meet in New Delhi.

MSC sees slower jobs growth

BY CHARLES LEADBEATER, LABOUR STAFF

UNEMPLOYMENT is unlikely to fall below 2.5m before 1991, according the Manpower Services Commission's corporate plan for 1987-1991, published yesterday.

The plan endorses the consensus of major economic forecasters that the fall in unemployment of about 29,000 a month since June 1986 will slow between 1987 and 1990.

It expects employment to continue to grow, but at a slower rate than the average 1.3 per cent a year increase between 1983 and 1986.

The expectation that unemployment will remain above 2.5m is confirmed by the MSC's spending plans, which show that spending on all its programmes is expected to rise by 15 per cent over the next four years, from £2.916bn in 1987-88, to £3.372bn in 1990-91.

The plan warns that special efforts may be required to halt the continuing rise in the number of people out of work for more than five years. This group expanded by 41,000 to 258,000 in 1986-87.

The report says: "This pattern is to be expected; each year the remainder of the large cohorts who lost jobs in 1980-81 pass into longer and longer spells of unemployment."

Despite recent improvements, the 18-24 age group continues to bear heavy burdens, with a long term unemployment rate of 4.7 per cent, compared with an average of 4.3 per for all ages. This age group's position should improve markedly with the introduction of the two-year Youth Training Scheme, and the new Job Training Scheme, according to the plan.

The commission expects further growth in part-time, temporary, and self employment over the next four years, as the share of employment accounted for by the service sector increases. Employers' desire for greater flexibility is expected to become an increasingly important factor in the projected rise in temporary employment.

Sir James Munn, the MSC's chairman, said the plan heralded a new era for the commission in the light of the Government's plans to introduce a unified programme for the adult unemployed, the transfer of responsibility for Jobcentres back to the Department of Employment, and re-direction of the commission's work away from employment relief and towards training.

Most of the commission's plans for youth and adult training are little changed. But the plan discloses that over the next year the commission will attempt to improve significantly its labour market information systems, accelerate the development of vocational qualifications suitable for its programmes, extend the scope of the Youth Training Scheme to cover more employed young people, complete a thorough review of the performance of non-statutory training organisations, and explore ways to increase employers' investment in training.

The Manpower Services Commission Corporate Plan, 1987 - 1991, available from MSC, PP2, Freepost, PO Box 161, Bradford BD9 4BR, price £5.00.

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Exchange rate dilemmas

CAN ambiguity be the best exchange rate policy? With "Black Monday" fading into the distance, that question may become increasingly live in the course of the New Year.

The past week has seen one indication of buoyant growth in the UK economy after another. Manufacturing output in October was reported as 6.5 per cent above the level of a year earlier. Seasonally adjusted unemployment fell by 63,500 in November, making a decline of 563,700 since its peak in June 1986.

Meanwhile the *trend* in the balance of payments is clearly towards deterioration. For the first nine months of 1987 the revised figures for the current account are a deficit of £1.2 bn. Since the Treasury forecasts a deficit of £2.5 bn for the year the deterioration to come in the last quarter may prove severe.

It is not surprising that all this is beginning to spill over into wages and earnings. The rate of growth of average earnings inched up to 8 per cent in the year to October from a 7½ per cent rate of increase in the year to March, already well above the rate for other major economies.

The buoyancy is related to the most rapidly growing aggregate of all: liquidity. Seasonally adjusted broad money did not grow in November, but this reflected the negative public sector contribution. Sterling lending to the private sector is provisionally estimated to have grown by £3.2bn in November, not far below the average level of £3.5bn in the last six months, the growth of broad money in the year to November being over 21 per cent.

Policy changes

The effect of the stock market decline is still uncertain, but these figures indicate that the economy entered the crash growing at a very rapid rate. Moreover, analysis suggests that the direct deflationary effect of the crash on the UK economy is not likely to be large. The risk remains on the side of excessive rather than inadequate expansion of the economy.

As a response to the crash and in concert with policy changes elsewhere, base rate has declined from 10 per cent to 8½ per cent. More relevant, the differential between West German and UK short term interest rates today is substantially below that in August and September, though a little higher than immediately after the crash.

It is the exchange rate link that makes the interest rate differential between the UK and West Germany relevant. Sterling has remained within the band of DM2.95 to DM3 since April 1987. *Furthermore,* despite carping from the Prime Minister, the current commitment to the ceiling of DM3 is clear from the performance of the exchange rate and the accumulation of foreign exchange reserves.

So long as exchange rate pressure remains upward, the authorities have a choice between lower domestic interest rates, on the one hand, and accumulation of reserves, on the other. But lower interest rates would be difficult to justify, given the state of the domestic economy. Indeed, on domestic grounds one would expect those rates to go back up quite soon, unless the adverse effect of the crash makes itself apparent.

The problem for the authorities is that as the exchange rate link becomes more credible on the downside as well as the upside, it will become more difficult to preserve a significant spread between short term interest rates in the UK and West Germany. If short rates were to move further towards West German levels, however, the domestic level of real interest rates would become very low. Since the holdings of liquidity in relation to GDP are now about as high as they have ever been, such a low real return could easily lead to a sharp increase in consumer spending. This in turn is likely to lead to higher inflation or a greatly increased external deficit.

The Government might try to preserve the option of depreciation, so making a large interest rate differential easy to maintain. The exchange rate policy could then, however, hardly influence behaviour in the labour market. The very uncertainty about the exchange rate floor, required to maintain a reasonably sensible interest rate differential, precludes a significant downward effect on wages.

It is fascinating to see how the Government has moved from a policy in which only domestic monetary conditions mattered into one in which they seem to matter hardly at all so long as the exchange rate link is maintained.

The difficulty of preserving sensible interest rates is likely to get greater the longer the link is maintained, unless there are constant new reasons for expecting depreciation. One such reason would be a fall in the price of oil. Another would be a recession in the country's main trading partners. The first is happening and the second looks likely, as the dollar plunges. Unfortunately, even this may not be enough in more than the relatively short term. Ambiguity, however desirable, must ultimately be destroyed by experience.

Leaders and laggards on the UK stock market

Picking winners with a pin

By Philip Coggan

AFTER the year of the Big Bang, the year of the Big Crash.

On October 19, "Black Monday", equity markets turned upside down. Up 42 per cent between January 1 and the day before the crash, the UK stock market has since fallen by 27 per cent from its peak. It is going to be a close-run thing whether the FT-Actuaries All-Share Index finishes the year lower than it started – for the first time since 1976.

In the turmoil, big winners have turned into big losers. A portfolio of the top performing shares of 1986 has fallen by 25.8 per cent so far in 1987. Last year's biggest losers have posted gains of 3.7 per cent.

To illustrate the effect of the crash, this year's survey of share price winners and losers is split to show the 10 best and worst performing stocks since Black Monday, as well as for the year as a whole.

Those shares which rose after the crash are almost exclusively bid targets; the hardest hit have been those companies with Antipodean links. Stock markets in Australia and New Zealand took an even heavier battering than the rest of the world and the weakness has fed through to those companies quoted in the UK.

Thus News International, the UK subsidiary of Rupert Murdoch's News Corporation, earns the dubious distinction of topping the UK laggards list for 1987 the year after heading the leaders.

Until mid-October, the shares had managed a respectable 18 per cent price increase on the start of the year. The crash changed all that. Despite Murdoch's recently acquired US citizenship, News Corporation's base is still in Australia.

"The attraction of News International stock was its *linkage with the yield* on News Corporation shares," explains an analyst at Australian brokers, McCaughan Dyson. "But the weakness of the Australian dollar and market doubly undermined that argument".

Close behind News International in the laggards' league is Tozer, Kemsley & Millbourne, the UK investment vehicle of New Zealand entrepreneur Ron Brierley. Investors had joined the TKM bandwagon hoping that Brierley would expand the group rapidly via acquisition, but the only bid this year – *for Molins – failed to win* control.

The fund managers themselves were big victims of the crash. Since their fees are tied to the amount of funds they manage, the fall in world stock markets had a doubly painful effect on their share prices. Henderson Administration, M & G, Mercury Asset Management and Britannia Arrow feature strongly in the post-crash list. One merchant bank that has moved into market-making, Kleinwort Benson, is tenth in the full year laggards league.

Other stocks to be hard hit were those heavily dependent on the US, or on dollar-denominated earnings, as fears grew about the health of the American economy and the decline in the US currency.

Chief amongst them were Waterford Glass, Jaguar and WPP, the advertising group which, during the year pulled off an ambitious bid for JWT, parent group of J Walter Thompson, the king of the Madison Avenue agencies. The rights issue to fund that purchase was one of the year's biggest flops, and one of the earliest signs of the problems ahead.

A crash had seemed the last thing on investors' minds in *the first half of the year, when* almost every item of news was seized on as a reason to buy. "A combination of factors buoyed the bulls," explains Nicholas Knight of brokers James Capel. "Foreign investors were buying in anticipation of the Conservative election victory. The economic background was more positive than most people had expected, and the pre-election interest rate environment was favourable".

Record trading volumes on the Stock Exchange were accompanied by record prices. The All-Share Index reached an all-time high of 1238.5 in July – nearly 50 per cent above its 1986 peak.

But the warning signs began to flash almost immediately after Mrs Thatcher's election

Fund managers themselves were big victims of the crash

victory on June 11. "Long gilt yields started edging up shortly after the polls closed," says Knight. "A further danger sign came when base rates were raised in August."

Although gilt edged yields quickly *moved above* 10 per cent, the equity bulls were undeterred and after a brief slide, the share market was soon roaring ahead once more. Many companies used the opportunity to issue great slabs of equity. The WPP deal was followed by a similar giant killing deal when Blue Arrow took over its fellow employment agency, the US-based Manpower, for $1.3bn. The bid required the UK's largest ever rights issue – for £837m.

Drip by drip, liquidity disappeared from institutional portfolios. Takeovers did not inject much cash back into the market since most deals were financed, one way or another, by the issue of shares.

Although the number and *intensity of contested deals* seemed to slacken, there was no shortage of agreed bids. Mergers and acquisitions within the UK topped £12bn in the first three quarters, and look set to pip 1986's full year record of £13.5bn.

These figures do not include overseas deals like the Blue Arrow and WPP purchases. Successful offers for US companies alone exceeded $24bn (£14.6bn) in the first nine months of the year compared with $14bn in the whole of 1986.

A wave of new issues, including four privatisations – British Airways, BAA, Rolls Royce and British Petroleum – and the launch of Eurotunnel, also soaked up the institutions' cash. In all, over £18bn of domestic equity issues – including rights offers – were made in the first 11 months of the year, compared with £14bn in the whole of 1986, itself a record.

Someone had to be left without a chair when the music stopped and it turned out to be the BP underwriters. The sale of the Government's 31.5 per cent stake in the oil company – the largest share offer ever – had the ill luck of coinciding with the worst of the crash. It became the least successful privatisation issue so far, achieving a take-up rate of less than 1 per cent.

All those cash calls left institutions extremely illiquid on Black Monday and must have contributed to the speed of the decline, as investors sought to reduce their equity exposure.

Overall, investors might have done better to pick shares *this year with a pin* rather than by following any fancy investment theory.

"It has not been the year of the sectors, it has been the year of individual stocks," explains Richard Hannah of Phillips & Drew. Getting the sectors right has been no guarantee of success. The best performers – mining, finance, metals and overseas traders – have no representatives in the big league top ten.

THE LEADERS (% gain)

COMPANY over £100m		POST-CRASH COMPANY over £100m		COMPANY under £100m	
1. Hunter	189	Tricentrol	37	Mersey Docks	835
2. Tricentrol	150	Britoil	35	Acsis Jewel	649
3. Britoil	127	Freemans	32	Oakwood	434
4. Birmid Qualcast	120	MK Electronic	25	Scot Ice Rink	400
5. VSEL	107	Birmid Qual	15	Pacific Sales	384
6. Rothmans 'B'	106	Electr Rentals	11	Entert Prod Serv	378
7. Brent Walker	94	Minet Holdings	10	Pavillion Leisure	365
8. T. Cowie	94	Gt Portland Est	6	Excalibur Jewel	313
9. Clyde Petroleum	87	Bryant Holdings	4	IOM Enterprises	295
10. Minet Holdings	84	Savoy Hotel A	-1	Sequa	285

THE LAGGARDS (% loss)

COMPANY over £100m		POST-CRASH COMPANY over £100m		COMPANY under £100m	
1. News Intl	60	News Intl	66	Munton Brothers	96
2. Tozer, Kemsley	59	Henderson Admin	65	Pericom	73
3. Willis, Faber	50	M&G Group	56	DDT	70
4. Waterford Glass	50	WPP	56	Hawtal Whiting	67
5. WPP	48	Regalian	55	Bestwood	63
6. Jaguar	48	Mercury Asset	55	Atlantic Resources	63
7. Harris Queensway	43	Woodchester Inv	53	Renishaw	62
8. Oxford Instrum	42	Suter	53	Stainless Metal	59
9. Standard Chart	41	Britannia Arrow	51	Geers Gross	59
10. Kleinwort Benson	41	Morgan Grenfell	50	TDS Circuits	58

Companies included are those actively traded on the Stock Exchange on both December 31, 1986 and December 16, 1987. Prices have been adjusted for scrip and rights issues.

Source: Datastream

As an example, the worst performing sector – insurance brokers, which are big U.S. dollar earners – had only one entrant in the laggards list, Willis Faber, which suffered a wave of personnel defections after the merger with Stewart Wrightson. But there is also a broker in the leaders table, Minet Holdings, which is currently on the receiving end of a bid from the US insurance group, St Paul.

The electricals group is the seventh best performing sector. But there are still four electrical stocks in the list of the worse performing companies valued at under £100m, largely there because of their U.S. exposure.

As a sector, oil and gas has lagged behind the electricals but it has three companies in the top ten for the year, and the two best performers since the crash. Those entries are explained by recent takeover activity among the independents and for much of the year help has also come from the recovery in the oil price from the depressed levels of 1986. Oil stocks dominated last years list of laggards.

Indeed, there is a nice symmetry in the fact that Tricentrol, the worst performer last year, has virtually changed places with News International in 1987. Tricentrol's share price is currently buoyed up by a bid battle, while Britoil, in third place, is being hotly pursued by both BP and Atlantic Richfield.

But who would have picked Hunter, the furniture and timber company which is 74 per cent owned by food group Hillsdown Holdings, as the best performing share of the year? The benefits of two major acquisitions, made with highly-rated paper, came through to Hunter's earnings this year.

The rest of the leaders are a pretty mixed bunch. Although there is no sign of an upturn in demand for cigarettes, Rothmans International has reaped the benefit of a long period of rationalisation and produced better than expected profits. VSEL Consortium builds Trident submarines and thus, once Mrs Thatcher was re-elected, had what amounted to a recession proof order book.

The two rising stars have been Brent Walker, a leisure group run by an ex-heavyweight boxer, which acquired a string of casinos and London's Trocadero this year; and T. Cowie, a *motor dealer,* which benefited both from sharply increased profits and from the purchase of a 5 per cent stake by Gerald Ronson's Heron Group.

Picking the winners in the small companies stakes has been even harder. The leaders list is dominated by so-called "management situations" – shell companies where the arrival of new large shareholders and directors has encouraged investors to push share prices to sometimes absurd *heights.*

"In the last throes of the bull market, the p/es on some stocks got way out of line," says Richard Hannah of Phillips & Drew. "After Black Monday, there was an inevitable flight back to quality."

Some of these companies illustrate the continuing triumph of hope over experience. Shares in Pavilion Leisure were amongst the worst performers of 1982, the best of 1983, the worst again in 1984 and are back again among the top ten of 1987. Pavilion's advances and declines have reflected the occasional appearance and departure of large stakeholders, but the company has yet to diversify from its sole activity – operating a Glasgow theatre.

Scottish Ice Rink, fourth best performer, must be the favourite for lovers of the esoteric – three years ago, it reported lower profits because curling club members failed to pay their subscriptions. Oddly enough, it started the year with the same chairman, Mr *James Glasgow, as Pavilion* Leisure.

The biggest loser has been Munton Brothers, a Belfast clothing manufacturer which went through an immensely complex capital restructuring

A crash seemed the last thing on investors' minds in the first half

after heavy losses. Renaissance Holdings, a recently formed investment trust, is attempting to live up to its name and revive the compamny.

But the penny share of the year has to be Acsis Jewellery, a loss-making retailer, which had its shares revitalised when Darryl Phillips, a South African businessman, acquired a major stake.

By Black Monday, shares in Acsis had risen a staggering 2,468 per cent and it was fast passing into stock market folklore. Since October 19, it has fallen by 64 per cent, but it is still the runner-up in the leaders table. All that despite the fact that the new management has not yet made any of the hoped-for acquisitions.

The message from 1987 – as *from previous years* – is that those investors who picked the winners should not be too pleased with themselves. Next year, the pendulum may swing back again.

Man in the News

Carl Icahn

A bold gambler who makes necessity a virtue

By James Buchan in New York

MR CHARLES LUCE, the elderly chairman of a committee representing Texaco's creditors, was losing patience. Last month, he begged Texaco's bankruptcy court to appoint "a distinguished American" to mediate in the company's quarrel with Pennzoil, which has lasted four years, cost *$100m in lawyers' fees* and forced one of America's greatest corporations to seek refuge in Chapter 11 bankruptcy proceedings.

Mr Luce's prayer has been answered in the unlikely person of Mr Carl Icahn.

Mr Icahn, 51, raider and greenmailer extraordinaire, is not everybody's idea of the corporate statesman. In beaten-up company towns from Bartlesville, Oklahoma to Danville, Virginia, he is roundly loathed as the man whose stock raids crippled the local employer. He has been subpoenaed by the Securities and Exchange Commission in connection with the Boesky affair. "Ever seen a shark mediate anything?" said one Texaco creditor last month.

But in the last two weeks, the shark has done more to settle the dispute than armies of corporate executives, trial *lawyers, legal* professors and investment bankers have achieved since the dispute began in 1984 with Texaco's purchase of Getty Oil from out of an alleged agreement with Pennzoil.

Through a mixture of corporate diplomacy, overbearing rudeness and naked threat he has fashioned a deal that will leave Pennzoil satisfied with a $3.01bn cash payment for its injury, meet all the demands of Texaco's creditors and leave enough equity in Texaco to secure the support of stockholders.

Mr Icahn's intervention in the Texaco-Pennzoil war is a gamble in a career made of ever bolder gambles. "Carl feels a challenge to take on these things, to settle a problem that has been dragging on," says Dr. Peter Liebert, a Manhattan doctor who shared a room with Mr Icahn at Princeton. "It's not just money."

Or is it? Mr Carl Meyer, who was kicked out as TWA president, describes him as "one of the greediest people on earth." Mr Icahn has already profited handsomely on the $600m or so he has sunk into the stock of Texaco and Pennzoil.

Mr Icahn is a tall and slim man with the look of an austere Mel Brooks. Born in Queens, the son *of a schoolteacher and a lawyer,* he has always been single-minded. "At Princeton, Carl would just spend hours and hours in the library," says Dr Liebert. "For months, we didn't see him all day."

A fellow trainee on Wall Street in the early 1960s remembers Mr Icahn on weekend jaunts to the country: "When it was time for everybody to get back to Manhattan, he would offer the girls, including his own date, a ride – but he asked them to cash in their $5 bus tickets and pay him that money."

In 1968, he formed his own brokerage, Icahn & Co, which he gradually committed to the fashionable game of risk arbitrage, or betting on takeovers. In 1977, Mr Icahn began stalking takeover targets himself, buying big stock positions, threatening proxy fights or takeover, and then profiting when the terrified company bought him out at a premium ("greenmail") or sold out to another company. Between 1977 and 1985, Mr Icahn reaped about $200m in profits from companies as diverse as American Can, Dan River, Marshall Field, Uniroyal, B.F.Goodrich and Union Carbide.

In 1983, Mr Icahn paid $410m for a railcar manufacturing and leasing company in St. Louis called ACF. *It seemed* an unlikely springboard for corporate raids, but ACF provided the cash-flow and assets to back an issue of junk bonds by Drexel Burnham Lambert. It is these bonds that propelled Mr Icahn into the big league, allowing him to stalk such prey as Phillips and USX, where he still holds 11 per cent.

As a deal-making vehicle, ACF has been partly superceded by Trans World Airlines, Mr Icahn's reluctant but successful foray *into industrial management.* He bought into TWA early in 1985, and a quick profit looked assured when TWA tried to sell out to Texas Air. But the airline's unions preferred Mr Icahn to Texas Air's tough chairman, Mr Frank Lorenzo, and Mr Icahn was left with $300m tied up in a majority stake in a loss-making airline.

It is typical of Mr Icahn that he made a virtue of necessity, forcing such pay and productivity agreements out of the workforce that the airline is now operating profitably. Though he still cannot cash in his stake, he has used TWA to back an issue of $750m in Drexel Burnham bonds. It is this money that is invested in Texaco and Pennzoil.

This investment shows Mr Icahn's speed of manoeuvre. As Mr Icahn reports it, he was flying to Martha's Vineyard when he read of the difficulties of Mr *Robert Holmes a Court, the Australian* financier who has been severely shaken by the stock market crash. In 10 days, he had bought half of Mr Holmes a Court's Texaco holding, an option over the other half and voting control of 12.3 per cent of Texaco.

These shares pay no *dividend* because Texaco is in bankruptcy. Mr Icahn's $600m holding is costing him at least $100,000 a day to finance. Texaco is threatening to appeal the Pennzoil dispute to the Supreme Court, which could bog the case down for months or years. Mr Icahn has to move fast.

In the past two weeks, Mr Icahn has shown that persistence in negotiation that TWA's labour unions already have reason to know and hate. Mr Icahn's great coup was to persuade Mr Hugh Liedtke, Pennzoil's crusty chairman, to accept $3.01bn rather than the *$10.3bn* awarded in damages by the Texas courts. Mr Icahn shrewdly enlisted the aid of Mr Joe Jamail, Pennzoil's brilliant Texan counsel. And he appears to have threatened even the burly Mr Liedtke with takeover.

The settlement plan may fail and the case drag on. That is Mr Icahn's risk. But if Texaco does emerge, bruised and discredited, from Chapter 11, it will be wide open to takeover. If the company is bought by an oil major for anything near Wall Street's valuation of its oil reserves, Mr Icahn could make hundreds of millions in profit.

"I'm a man of commerce," Mr Icahn said once. "I like making money. I'm *not* telling you I'm Robin Hood. The poor widows of this world aren't my responsibility."

هكذا من الأصل

Maggie Ford looks behind the allegations of unfairness in South Korea's presidential election

Shadows over victory

THE CRUEL and biting winter has started in South Korea but you would hardly know it. The political temperature is rising ominously in the wake of the controversial result of the country's first presidential election in 16 years.

This year's dramatic campaign for an end to military and authoritarian rule included riots, demonstrations and repeated confrontations between students and police, with a nervous army always just around the corner.

The campaign succeeded: a new constitution was drafted and a full and free election was called. Yet this weekend the protesters are back on the streets together with the riot police; the threat *of military oppression and* repression looming once more.

What has gone wrong? The answer is elusive, but what is dawning on Koreans this weekend is that it is apparently easier to engineer one of the post-war world's most glittering economic success stories than it is to make the transition from clear authoritarian rule to the muddy imperfections and compromises of democracy.

Nearly two thirds of voters rejected the military backed candidate, Mr Roh Tae Woo, in Wednesday's election. But 36 per cent of the poll will be enough to take *him to the presidential* mansion when his colleague President Chun Doo Hwan steps down in February.

The problem question is this: was South Korea's move to democracy the subject of a free and fair vote or was it subverted by the sort of jiggery-pokery *endemic in much of the rest of* Asia? Both Mr Kim Dae Jung and Mr Kim Young Sam, the two opposition candidates, have rejected the result, alleging ballot rigging, unfair campaigning and subtle *manipulation* of voters.

They, in their turn, have been showered with complaints about their failure to agree on presenting a single opposition candidate in an all-out effort to end military *rule*.

Until the votes actually started to come in, many people believed that the desire for genuine democratic change in South Korea was strong enough for one of the Kims to win. In Seoul, where the majority of educated middle class people live, Mr Kim Dae Jung did win, with a majority of 32 per cent.

But the surprising collapse in the vote for Mr Kim Young Sam, thought to be the front runner only a week ago, in the end allowed Mr Roh to go through. Quite how and why his votes were lost is not yet clear. The reasons could *include* media manipulation, bribery, intimidation and ballot box interference. They could also include a simple case of last minute cold feet and a preference for stability over democracy.

Whatever has happened, the result raises a question relevant *to all countries attempting to* move away from authoritarian governments of whatever style. How can the public and the democratic politicians defeat the Government machine if rulers are determined not to give up power?

South Korea is a newly industrialised country with a very high level of education, so the weapons available to the Government are much more subtle than *in, say, the Philippines. One of* the most important was probably the use of state-controlled press and television.

This included saturation coverage of the recent disappearance of a Korean Air jet, suspected of being bombed by North Korean spies. A woman suspected of sabotaging the jet arrived in Seoul from Bahrain on the eve of the election. Nothing helps the military and those politicians associated with the Army more than any incident which heightens worries about the security threat from the communist North – worries especially held by those voters living near the border or who came originally from the North.

One programme widely thought to be biased was a documentary about the allegedly pro-communist People's Democratic Movement, led by Mr Paik Ki Hwan, a minor presidential *candidate who inspired great* interest during the campaign. It was shown three times and was followed by the film, The Killing Fields, which covers genocide by the Khmer Rouge in Cambodia. The latter might be expected to remind older voters of the horrors of the Korean War, fought against the North 35 years ago.

False rumours, or "black propaganda", were another feature of the campaign which may *have had an effect*. Mr Kim Young Sam was hurt in the final weeks by rumours ranging from allegations about womanising, to suggestions that he had received money from the Unification Church. The sect, known as the "Moonies" after its Korean founder the Reverend Moon Sung Myung, excites deep suspicion, especially among the Christian community. Mr Kim, an elder in the Presbyterian church, may have lost support from Christians if the rumour was believed.

The day before the election Mr Kim Dae Jung, a man possessing strong self control, finally lost his temper when it seemed that the other Kim's camp had distributed leaflets suggesting that he was standing down at the last minute. The truth of the matter is unclear but if the two Kims were judged to be feuding against each other rather than *concentrating on beating Mr* Roh, they may have lost votes.

One problem which afflicted both was the fact that their party organisers' main political experience is based on the manipulative practices common to authoritarian countries. To avoid falling into any traps caused by unwelcome campaign contributions, Mr Kim Dae Jung felt it necessary, for instance, to deal personally with all but very *minor financial contributions*.

Pork barreling is a fact of South Korean political life and cash handouts from all the political parties reportedly amounting to more than US$1bn played a part in the election. Their effect is difficult to judge, however. A Won 10,000 (£7) note was the main election unit of currency, usually payable for attending a rally.

Few analysts thought the cash bribes would seriously affect the voting, providing the ballot was secret as it has been in the past. But if the bribe is backed up by a threat, perhaps from a company boss, a local council official or a policeman, then the result could be different.

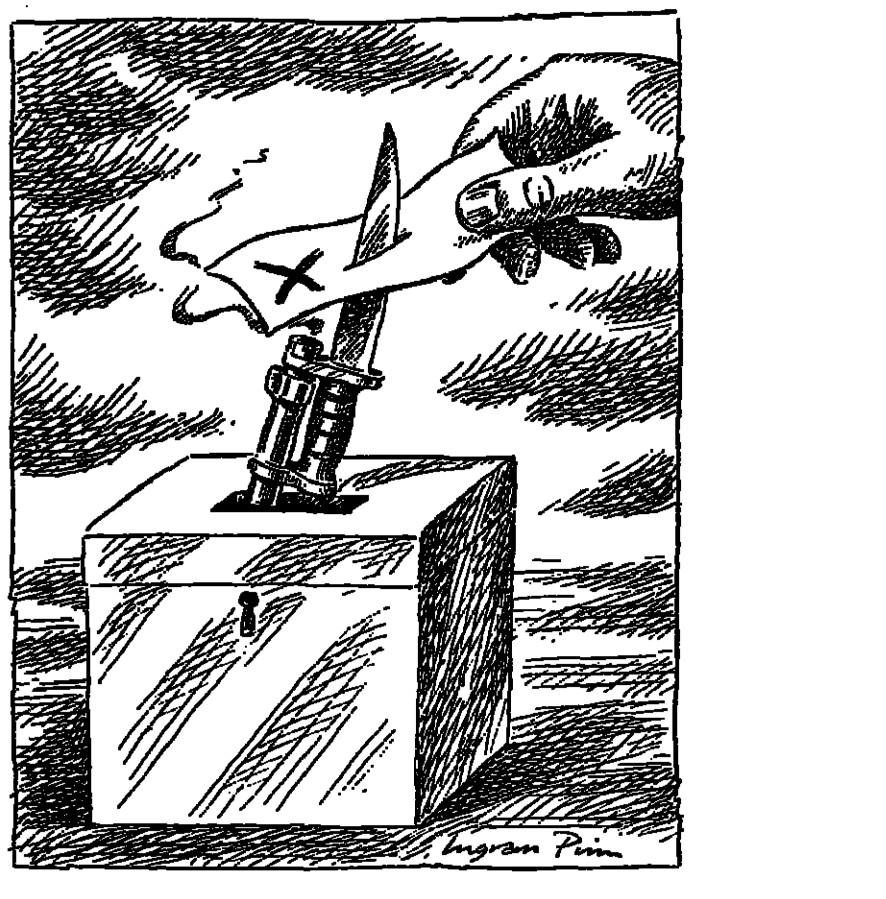
Hundreds of thousands of educated people were told to attend Mr Roh's final rally in Seoul last weekend by their bosses in the main conglomerates, the banks and the government departments. *Many turned up in furi*ous mood, insulted by the bribe cash and outraged at the ruling party's lack of respect for the democratic process. Many of them are likely to have have been potential Kim Young Sam supporters. As yet it is not clear why, or indeed if, they changed *their minds*.

At the local level, especially in the rural areas, intimidation is much easier to arrange. Local officials, who were said to have been given quotas of votes to obtain for the ruling party, have substantial powers over people's lives, and often intimate knowledge of their personal peccadilloes. If a voter has a secret mistress, a licence that needs renewing or has committed a *minor legal misdemeanour* that has been overlooked, a simple reminder that such things are known may be enough to secure a vote. The scale of this is not yet known; suffice to say it was clearly utilised as an election tool.

Some evidence has already been produced of Government tampering with the balloting itself. Students holding 15 suspicious ballot boxes in Seoul were dispersed violently by riot police yesterday. A number of instances of voting tricks have been cited. Opposition party volunteers monitoring the balloting have been refused entry to counting rooms and sometimes beaten up. But if the election was rigged, such instances are likely to have been only part of the story.

By the standards of London or Washington, the South Korean election would fail a western *fairness test on the basis of* media manipulation alone. In Tokyo, where voters have never elected an opposition party to power and where the pork barrel plays an important role, Seoul's poll has excited enormous interest with substantial media coverage.

The South Korean public, however, may not be minded to follow the Japanese system. People braved tear gas and riot police in June to protest against the imposition of Mr Roh as their next president. They have now apparently voluntarily voted in the election for the same man. Or have they? In the end, as the two Kims have said, only the people themselves can decide.



Re-examining the taboos

Peter Riddell reports on the row over the UK health service

THE DEBATE about the future of Britain's National Health Service has now reached such a pitch that *options* which were considered taboo only a few weeks ago are now at the centre of the argument.

The row over NHS funding has put the Government on the defensive and given Labour the initiative on an issue for the first time since the general election. But it has also started a broader discussion on how to deal with the inherent conflict between limited government resources and apparently unlimited demand.

The latest controversy is different in scale and kind from the previous, recurrent arguments over NHS funding. It is partly a matter of coincidence, of particular *incidents dramatising under*lying trends. The delayed heart operation, and later death, of baby Barber caught the public imagination and the campaigns against cuts in well-known hospitals reinforced the calls from leading doctors and the medical Royal Colleges for more money.

Many health authorities have undoubtedly faced a cash shortfall because of the way deficits from last year have been carried over. This is, in any case, the *time of year when district* authorities like to highlight their problems, for example by threatening the closure of acute wards, in the hope of gaining a maximum allocation of funds from the regional authorities for the next financial year.

This has posed a political dilemma for the Government. Mrs Thatcher's characteristic tactic has been repeatedly to stress increases in spending and in the numbers of patients treated since 1979. But, as Mr John Biffen, that sensitive Tory assessor of the popular mood, has pointed out, "the public can hardly believe the imposing statistics of health care when they see around them hospital and ward closures."

So despite Whitehall complaints about inefficiency and doctors' restrictive practices, there has been pressure from the Tory backbenches to provide cash to avert bed closures.

The announcement on Wednesday by Mr Tony Newton, the Health Minister, of an extra £100m this year is seen on all sides as merely providing a breathing space.

Paradoxically, ministers argue that the row may have had beneficial side-effects through underlining both the amount of public spending on the NHS and the impossibility of meeting demand.

In the past, the Government has adopted a gradualist approach: defending the principle of a universal NHS funded by the state – "the NHS is safe with us," as Mrs Thatcher said in 1982 to reassure voters – but pressing for improved efficiency and the contracting-out of ancillary services. This has been coupled with various schemes to generate additional income, notably via charges.

Mr Newton has estimated that in the 1988-89 financial year there will be savings of £150m and additional income of between £10m and £20m. If these amounts are added to the extra £700m for English health authority spending next year, Mr Newton reckons there should be a 3 per cent real increase in resources.

How much is available to meet the increased demand for services will depend on the extent to which the cost of next spring's restructuring of nurses' pay is specially financed. The indications are that, in the current political climate, the vast majority of the cost will be borne by the Treasury. Even so critics in the NHS argue that, given the growing number of old people and expensive technological changes, the increases will be insufficient to avoid cuts in services and bed closures next year. More money will be needed.

However, the intensity of this year's row has led many Tory MPs to argue that options which were previously unacceptable in political terms, such as private health insurance, should be re-examined.

There will now be some kind of review, or reappraisal, its form to be decided in the new year, when Mr John Moore, the Social Services Secretary, returns full-time after illness.

Mr Newton has already talked of supplementing taxpayers' money with private resources. He has referred to the possibility of health authorities being linked to the private sector, for example, through contracting-out some operations to private hospitals as is already beginning to happen.

The free-market right in the Conservative Party wants to go much further. This includes former health ministers, such as Sir Gerard Vaughan and Mr Ray Whitney, younger ministers and backbenchers in the "No Turning Back" group, and outside bodies like the Centre for Policy Studies (now run by Mr David Willetts, a former member of the Downing Street Policy Unit) and the Institute of Economic Affairs (now run by Mr Graham Mather, formerly of the Institute of Directors).

Among the ideas of the free-market right are a switch to private health insurance and vouchers for patients, as part of a move away from funding primarily by the state towards market-based solutions. Under a voucher plan patients would be given a fixed cash entitlement paid for by the state, which could be spent in whatever way they wanted and which the individual could top up. Similarly, private health insurance would *encourage opting out to the pri*vate sector, with a safety net provided by the state.

Critics argue that this would create a two-tier system with the more profitable work being done by the private sector and the *labour intensive – and less prof*itable – accident, geriatric and mental health cases being handled by the state sector.

A middle way has been advocated by Dr David Owen, a former health minister. He favours creating an internal NHS market between self-governing district authorities which would allow patients to choose where they are treated. To supplement existing funds he favours the sale of *health bonds, rather like pre*mium bonds, to provide a separate pool of funds. He also wants to see fund-raising initiatives to encourage communities to support their local hospitals.

While all these ideas are bubbling away, the inclination until recently of Mrs Thatcher's closest Cabinet colleagues has been that any fundamental restructuring of health provision, such as the ideas proposed by the free-market right, will have to wait *until a fourth term. They draw a* parallel with the debate over education which started in the last parliament. Discussion of health options should be started now so that broad agreement on possible solutions can be reached in time to feature in the next manifesto.

The probability is that no major legislation will be brought before this parliament. But the debate among ministers has become more urgent and there are likely to be further moves, short of a fundamental overhaul, to increase the use of private funds and resources. The question is whether the public's attachment to the NHS, as dem*onstrated in repeated opinion* polls, will permit a greater reliance on private provision.

There is, however, agreement on the Conservative side that the arguments of recent weeks – and television pictures of angry patients, doctors and nurses – must not be repeated. The Government has to regain the initiative.

Letters to the Editor

Prices never allow for size

From Mr C.F.Y. Lawson.

Sir, One of the best suggestions the Securities and Investment Board has made so far was on unit trust pricing.

The potential maximum spread between bid and offer can be well over 20 per cent when the underlying shares themselves have no effective market – as in a stockmarket collapse. To expect the average investor to understand the basis of quotation as "bid," "offer" or "intermediate," and that they can only deal in 10,000 or so at a price, is silly.

However, I agree with the SIB suggestion to use middle market prices, because all valuations are *always historic as soon as they* are produced, and prices never allow for size – purely the touch or an indication.

Insurance Funds have always been valued this way by actuaries, who realise that we only need a base to deal from, which is never going to be totally accurate anyway. This would make backward pricing acceptable; although it will obviously be *preferable for continuous pricing* of unit trusts when Datastream can receive electronic feeds of worldwide security prices.

The next question is whether the managers' box should continue. Why should not redemptions be paid out of the fund *itself instead of by the manag*ers? This would also save a lot of stupidity with the stamp duty office, where duty is paid out to one office and then immediately reclaimed on cancellations of units from Brighton. Transfers to *the managers would no longer be* required.

A lot of uninformed comment is written by journalists about box profits. Managers would still get a reasonable spread from the initial charge; and holding profits (and losses) by overcreating new A units.

Freddie Lawson,
39 Murrayfield Road,
Edinburgh

There are few good football managers

From Mr David Brook.

Sir, Brian Bollen asks: "What does it take to be a modern manager?" in football, and answers: Good results.

Take any business of a size comparable to the clubs in the Football League and we find specialists in finance, selling, buying, training, leadership and so on. Small wonder that there are few good football managers; most of them are ex-players, unskilled in most aspects of *management*.

We can recognise the occasionally inspirational and/or flamboyant, with their triumphs in League Cup trophies. Contrast these with the steady dividends of, say, Ipswich, Norwich and West Ham companies with (until recent events) their policy of giving a manager the broad range of skills required.

Is it mere coincidence that managers like Major Buckley and Herbert Chapman were hardly *famous* for their skill at actually kicking a football?

Study the managerial structure of Liverpool since the war. Note the stability of the board, and the wealth of experience retained - Shankly to Paisley to Fagan to Dalgleish. Good modern management requires expertise in key areas of the *business*. That can equal good results.

Many managers accuse their *directors of being ignorant about* football. Managers are more likely to be guilty of not knowing how to handle the commercial aspects of running a football club. Directors, in their turn, hire men whose skills cannot possibly include commercial ones.

David Brook,
Avonbank,
6 Grange Road,
Bidford On Avon,
Alcester

'Our stock market system is at constant risk...'

From Mr Ian Forsyth.

Sir, It appears obvious to many *people that a stock market sys*tem like the one we have today is at constant risk of becoming totally disconnected from business realities, and the question must be asked whether such an important institution can cope with the demands of modern business as we approach the 21st century.

It is unrealistic that on the day a major company releases figures far better than anybody expected, the share price should then fall dramatically. There can be no firm foundation for investment confidence under these circumstances.

I feel that lessons can be learned from the present disor*derly market situation which* could bring a long term return to common sense.

First, market-makers should learn that slashing prices even when there is little or no real selling pressure does not attract buyers. It frightens them off – and even those people who already have shares have a tendency to panic and sell. And all because the market-maker wants to make a few pounds on a sale. Some control could be beneficial here; a share price should only move under genuine buying or selling pressure.

Second, the professional "bears" – who belong back in the 1920s – should be given the same medicine presently being used on insider traders and multiple applications specialists. Just *as it is illegal to sell another per*son's car or television, which you do not own, the law shold prevent you from selling shares which you do not own. Selling short is one of the most powerful weapons the professional bear can use in his campaign to drive the market down.

What does society need – a stock market for speculators and gamblers, or one for true investors? Unless the market is underpinned with sound principles, investors large and small will go elsewhere, and leave it to the speculators who are interested only in themselves, not in the thousands of good companies which need the market.

Ian C. Forsyth,
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Chelmsford, Essex

Paradox there plainly is

From Will Hutton and Tim Gardam.

Sir, Barry Riley complains that *Panorama's* account of the aftermath of the Wall Street crash was in "a basic muddle about whether the US is in an economic boom or *recession*" (December 9); but, as he must surely know, the *US economy* at the moment is Janus-faced, and the debate about the origins and implications of this collapse in share prices promises to be as long-running and unresolved as that of 1929.

Panorama chose to concentrate on two underlying themes that were emphasised, albeit in varying degrees, by almost all the businessmen, financiers, economists and politicians we interviewed. First, that during Mr Reagan's presidency there has been a secular increase in American external and internal indebtedness: and, second, there has been a deepening of the "hollowing out" of the American economy, reflected in a structural trade deficit.

These conditions raise long term question marks about the US's ability to continue raising and servicing its debt without - at the very least - some important retrenchment and readjustment.

Our programme addressed a *paradox: on the one hand a vast* increase in debt-financed expenditures by households, corporations and government, which gave all the appearance of a boom; and on the other hand a "hollowing out," which in parts of America feels like a recession. Demand is booming, but supply is not.

The programme's clear contention was that the origins of the crash lay in the financial markets' appreciation that this paradox was no longer sustainable. The markets recognised that the flow of foreign savings, private and official, which had maintained the position, was now drying up; and that the adjustment awaiting the US and the rest of the world was likely to have unpredictable consequences. As the programme reported the views of the American policy-makers, they could range from the chance of recession to a major reassessment of America's defence commitments.

Panorama's attempt to examine this paradox is attacked as confusion by Mr Riley. Yet paradox *there plainly is* - as *even* a cursory reading of the comment surrounding the crash would reveal. The markets are uncertain about how to read the American economy even if Mr Riley is not: something is amiss, and *Panorama* had its own stab at explaining why.

Mr Riley has some important *criticisms to make about eco*nomic and business journalism on television; technology can make it slow-footed, and illustration is a permanent problem, leading sometimes to far-fetched pictorial solutions. However, the world is complex, and television tries to make it assimilable. Damn your colleagues in television if you will; but don't damn them for confusions they have not committed - especially if your prescription is a simplicity you know does not exist.

Will Hutton,
Tim Gardam,
"Panorama,"
BBC TV,
Lime Grove Studios, W12

Judiciary is ill-suited to defend liberty

From Mr Graham Hallett.

Sir, You assert that the case of Mr Jeremy Warner is "certainly not an example of an unhealthy anti-democratic tendency on the part of the judiciary" (December 14). This is open to doubt, unless one interprets "anti-democratic" in the sense of "hostile to a democratically elected government" (and Hitler was democratically elected).

The British system of government has always been a potential "elective dictatorship", although it used to be restrained by conventions, and the influence of non-state bodies. The present Government has abandoned the unwritten rules; it has gone a long way to gag civil servants and the BBC, and destroy the independence of the universities, quangoes, local authorities, and so on.

The British judiciary is ill-suited to defend liberty because it is not bound by any explicit set of constitutional principles, and even rejects the idea of looking at what Parliament intended in an Act. Its decisions tend to support the state. Lord Denning has opposed any re-examination of the case of the "Birmingham bombers" on the ground that it would imply that police evidence could have been false, and a proposed word-for-word re-enactment by the BBC of the police evidence in the current appeal has been suppressed. The judge in the Ponting case ruled that civil servants' sole responsibility is to their Minister

an argument put forward by several defendants before the Nuremberg tribunal. Other examples could be given of the way in which the British judiciary is, albeit unwittingly, proving an ally of authoritarian government.

Graham Hallett,
10 Coed-yr-ynn,
Rhiwbina
Cardiff

Many of the best are getting out

From Mr Julian Clover

Sir, You say that "education is *too important to be left to teach*ers," and go on to say, somewhat confusingly, that ".. it is only individual *teachers* who have the power to deliver the educational goods" ("New direction in education," November 23).

Many of the best teachers are getting out. They can no longer endure the degrading of their professional status and the often reiterated claim that they cannot, without substantial outside help, devise worthwhile curricula and teaching methods. If talented teachers are not allowed to exercise their skills creatively, they will degenerate into being the mere exponents of a centralised curriculum which is increasingly determined by forces utterly remote from the classroom.

The requirements of the marketplace are important, but so is the individual's freedom of thought and expression. Teachers *must be given the power to* fulfil both these tasks.

Julian Clover,
83 Harsnett Road,
Colchester, Essex

Jargonauts in the City

From Mr Denis MacShane.

Sir, I always wanted to know exactly what a "leveraged management buy-out" was. Thanks to your correspondent's article on "franglais" (November 25) I can now understand what it means, because the French equivalent, *"reprise d'enterprise par ses salaries"* (employee takeover of company) is much more clear.

I wonder if there are any other examples of Anglo-Saxon financial jargon, apparently designed expressly to keep the language of the City a mystery decipherable only by the initiated, which might benefit from the rigour and clarity expected in French?

Denis MacShane,
11 chemin de la Flechere,
1255 Geneva,
Switzerland

BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net	Net CAR	Interest paid	Minimum balance	Access and other details
Abbey National (01-486 5555)	Sterling Asset	7.50	7.50	Yearly	Tiered	Inst. ov £10K 7.25/6.75 + bonus
	Five Star	7.00	7.00	Yearly	Tiered	Instant 6.75/6.50 6.00/5.75
	Share account	4.00	4.04	½-yearly	£1	Instant access
Aid to Thrift (01-638 0311)	Ordinary Sh. Ac	7.25	7.38	½-yearly	£1	Easy withdrawal,no penalty
Alliance and Leicester*	Prime Plus	7.60	7.60	Yearly	£10,000	3 m.n.7.30 £2½K+, 7 £500+
	Gold Plus	7.00	7.00	Yearly	Tiered	6.80/6.60/6.25/5.50 inst. acc.
	BankSave Plus	6.25	6.25	Yearly	£10,000	5.75 £2½K+,4.75 £1+cur.a/c Min.Init. Investment £500
	ReadyMoney Plus	4.00	4.04	½-yearly	£1	ATM access (min.bal.£100)
Barnsley (0226 299601)	Summit 2nd max	8.60	8.60	M./yearly	£1000	90 days'not./pen.bal.-£10K
Birmingham Midshires	Premier Guarantee	7.25	7.38	½-yrly	£2,500	3.25 gtd 2 yrs 60d not/pen
(0902 710710)	Premier Access	7.00	7.00	Yearly	£25,000	Tiered rates from £100
Bradford and Bingley(0274 561545	Maximiser Bonus	7.50	7.50	Yearly	£1,000	Inst. acc. Bonus for no wthdrwls
	Maximiser Inc.	8.25	8.25	Monthly	£5,000	3 mths. Plus 0.25% for £25,000
	Maximiser Grwth	8.50	8.50	Yearly	£5,000	3 m.nt. Plus 0.25% for £25,000
Bristol and West (0272 294271)	Matrixcard	5.00	5.06	½-yearly	£1	Inst. Acc.£500 6.85
	No.1 Capital	8.60	8.60	Yearly	£25,000	3 months' notice, £500 8.30
	No.1 Income	8.30	8.62	Monthly	£25,000	3 months' notice, £500 8.00
	Triple Bonus	8.10	8.10	Yearly	£25,000	Tiered to 7.30 £500+ inst.acc.
	Share Account	5.00	5.06	½-yearly	£1	Instant access no penalty
	O'seas Inv.Bd.			Yearly	£1,000	11.00 gr.3m.nt.non-UK res.
Britannia (0538 399399)	Trident Gold	7.20	7.20	Yearly	£25,000	Immed.access Mthly.inc.avail.
Catholic (01-222 6736/7)	Jubilee Bond II	8.50	8.50	Monthly	£2,000	90-d. pen./not. m. int. trf.8.71
Century(Edinburgh)(031 556 1711)	Century 2 Year	7.50	7.50	Yearly	£20,000	7.30 £2000+ 90 day notice or int pen
Chelsea (01-602 0006)	Lion Shs. (S.Iss.)	7.50	7.50	Yearly	£500	Imm. wdl.int.pen. or 3 mths.
Cheltenham and Gloucester	Chelt. Gold	7.00	7.00	Yearly	Tiered	7.00/6.75/6.00/4.00. No not./pen
(0242 36161)	Gold Mthly.Inc.	6.78	7.00	Monthly	Tiered	No notice/penalty
Cheshunt (0992 26261)	Spec.4-Term Sh.	7.75	7.75	M./Yearly	£20,000	90 days' notice/penalty
	Instant Access	7.05	7.05	M./Yearly	£20,000	Instant access. Tiered a/c
City of London,The (04862 28293)	Capital City Gold	8.35	8.35	Yearly	£17,500	Instant access.Tiered account
Coventry (0203 52277)	Moneymaker	7.05	7.05	Yearly	£10,000	Inst.acc., no pen. mthly. Int.
	Moneymaker	6.80	6.80	Yearly	£5,000	£10,000 6.83, £5,000 6.60
	3-year Bond	7.50	7.50	Yearly	£1,000	Withs. 90 days not./penalty.
	90-Day Option	7.50	7.50	Yearly	£5,000	Inst acc/no pen if bal £5,000+
Frome Selwood (0373 64367)	Gold Minor Acc.	7.50	7.64	½-yearly	£1	On demand:0-18 year-olds
Gateway (0903 68555)	Star 60	7.25	7.25	Yearly	£20,000	60 days' pen./not.£500+ 7.00
	Gold Star	7.00	7.00	Yearly	£20,000	Inst. £10K+ 6.75, £5K+ 6.50
Greenwich (01-858 8212)	60-Day Account	7.25	7.38	Monthly	£25,000	No pen. if £5K remains in acc.
Guardian (01-242 0811)	Premier Shares	7.45	7.65	Quarterly	£3,000	No no/pen. to bal. £3,000+
Halifax*	90-Day Xtra	6.75	6.86	M./½-yrly	£500	90 days, but
	90-Day Xtra	7.00	7.12	M./½-yrly	£10,000	instant where
	90-Day Xtra	7.25	7.38	M./½-yrly	£25,000	£5,000 remains
Hendon (01-202 6384)	Annual Shares	9.00	9.00	Yearly	£3,000	6m. not./imm. ac. 90d. loss int.
Lambeth (01-928 1331)	Premium Shares	6.90	7.02	½-yearly	£250	3 months notice or penalty
Lancastrian (061 643 1021)	Masterplan	7.50	7.50	Yearly	£15,000	Instant access no penalty
Leamington Spa (0926 27920)	Fully Paid	4.10	4.14	½-yearly	£1	Immediate
	High Flyer	7.50	7.50	Yearly	£10,000	Withdrawals on demand
		6.75	6.75	Yearly	£1,000	without penalty
	Super 90	7.75	7.75	Yearly	£10,000	90 days' notice or imm. acc.
		7.25	7.25	Yearly	£1,000	+ 90 days' loss of interest
Leeds and Holbeck (0532 459511)	Capital Interest	7.50	7.50	Monthly	£5,000	90 days' notice or penalty
	Capital Access	7.50	7.50	Yearly	£5,000	Same N/A on bal. £10,000+
Leeds Permanent*	Liquid Gold	6.00	6.00	Yearly	£500	6.50 £5K+ 6.75 £10K+ 7.00 £25K
	Premium Reserve	7.50	7.50	Yearly	£5,000	3.25 premium guaranteed 1 yr.
	Pay & Save	4.00	4.04	½-yearly	£1	5.75 £2,000+
Marsden (0282 692821)	Rainbow	7.75	7.75	Yearly	£50,000	Min. bal. £500+ tiered int.
	Rainbow	7.50	7.50	Yearly	£25,000	+ Instant access no penalty
Mornington (01-485 5575)	28-Day Account	7.25	7.38	½-yearly	£1,000	28 days' notice or penalty
National and Provincial*	Notice Account	7.50	7.50	Yearly	£500	90 days' notice/
	Monthly Income	7.20	7.20	Monthly	£1,000	penalty under £10,000
	Inst. Access +	7.00	7.00	Yearly	£30,000	No notice no penalty
National Counties (03727 42211)	Emerald Shares	9.00	9.00	Yearly	£25,000	Immediate if £20,000 remains
Nationwide Anglia (01-242 8822)	Capital Bond	7.50	7.50	Yearly	£1,000	90 Days' notice or penalty
	Bonus Builder	7.00	7.00	Yearly	£25,000	6.75 £10K+, 6.50 £5K+, 6.25 £2K+, 5.75 £500+, 4.00 £1+
	Capital Bonus	7.50	7.50	Yearly	£25,000	7.25 £10K+, 7.00 £5K+, 6.75 £500+
	Income Bond	7.25		Monthly	£2,000	90 days' notice or penalty
Newbury (0635) 43676	Instant Premium	8.25	8.25	Yearly	£25,000	Instant access. Tiered a/c
Newcastle (091 2326676)	Treasure Plus	8.50	8.50	Yearly	£25,000	3 mths. not./pen. Tiered a/c
	Nova Plus	7.30	7.30	Monthly	£20,000	Instant access, tiered account
Northern Rock (091 285 7191)	Mayspinner.Plus	7.30	7.30	Monthly	£20,000	Instant access no penalty
		7.05	7.05	Monthly	£10,000	Instant access no penalty
		6.60	6.60	Monthly	£5,000	6.35 £500+ instant access
	Prem.Gwth.Bnd.	7.30	7.55	Monthly	£5,000	No wdls. 1 yr. then no not./pn.
Norwich & Peterb'gh (0733 51491)	Two Cities	7.05	7.05	M./Yearly	£5,000	28d not/28d pen Gtd dif 3.05
Nottingham (0602 481444)	Record Plus	7.50	7.50	Yearly	£10,000	90 days notice/penalty
Peckham (freephone Peckham)	Super Shares	7.50	7.76	Monthly	£2,000	£2,000+ no notice/penalty.
Portman (0202 292444)	Prem Plus Shs.	7.25	7.25	M/Yrly	£50,000	3 mths. notice/imm. 1 mth. pen.
Portsmouth (0705 291000)	3-Year Share	7.75	7.90	M./½-yrly	£500	No restrictions over £10,000
Principality (0222 44188)	2-Yr Bondshare	7.90	7.90	Yearly	£10,000	3.9 diff. guaranteed 2 yrs.
Regency (0273 724555)	Plus	7.40	7.40	Yearly	£25,000	No nt./pn. £5K 6.75, £500 6.25
Scarborough (0723 368155)	Sol. Gld. Cap.Bd.	7.50	7.50	M./Yearly	£10,000	60 days'not. or loss of int.
Skipton (0756 4581)	Sovereign	7.40	7.40	Yearly	£10,000	Instant access no penalty
	Sovereign	6.75	6.75	Yearly	£5,000	Monthly income available on
	Sovereign	6.35	6.35	Yearly	£500	investments of £2,500+
Stroud and Swindon*	Century (2-year)	7.50	7.50	Yearly	£20,000	7.30 £2,000+, 90 d. nt./int/pn.
Town and Country (01-353 1476)	2-Yr super Term	7.75	7.75	Yearly	£500	Guaranteed 3.75 differential
	Moneywise	6.75	6.75	Yearly	£25,000	Chq. bk.,Visa/ATM cds.int.var
	Super 60	7.50	7.50	Yearly	£10,000	Withdrawals available
Wessex (0202 767171)	Ordinary Shares	8.00	8.16	½-yearly	£1	No notice no penalties
Woolwich*	Capital	6.75	6.86	M./½ yrly	£500	90 days not./pen., £10K+ imm.
	Prime	7.00	7.00	Yearly	£20,000	instant access, 6.00 £500+, 6.50 £5K+, 6.75 £10K+
	Gurntd. Prm.Shs.	7.50	7.50	M./Yearly	£10,000	90 days' not./pen. £10K+ imm.
Yorkshire (0274 734822)	Platinum Key	7.00	7.00	Yearly	£500	60 days' notice /penalty
	Platinum Key	7.25	7.25	Yearly	£10,000	Instant over £10,000
	Platinum Key	7.50	7.50	Yearly	£25,000	Instant over £10,000

*For telephone see local directory. CAR = Annual yield after interest compounded

19/12

UK COMPANY NEWS

Air Europe's challenge to MMC dismissed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE CHALLENGE by **Air Europe**, the independent airline, to the report by the Monopolies & Mergers Commission in favour of **British Airways'** proposed merger with **British Caledonian**, was dismissed by the High Court yesterday.

Air Europe, which is owned by International Leisure Group, a UK travel company, had argued that the Commission had exceeded its legal powers in deciding that the merger would not operate against the public interest on the basis of undertakings given in secret by BA during the reference.

Also, Air Europe said, the Commission had acted unfairly in failing to invite Air Europe to *comment on the undertakings*, which related to route licences.

The court rejected both arguments.

Lord Justice Lloyd said that the undertakings were in addition to others BA had given before the reference, and it was clear that the Commission had attached great importance to them.

Lord Justice Lloyd praised the Monopolies & Mergers Commission for the speed with which it dealt with the BA/BCal reference. He said it had received a mass of evidence, including submissions from 113 parties, apart from lengthy submissions by regulatory bodies. It had to sift the evidence and hold 17 oral hearings, give a detailed description of the airline industry and how it worked, and then form a judgment on the central question in the reference. "I think it remarkable that the commission achieved so much in so short a time," the judge said.

It had stated in its report that it had to assess the consequences of the merger, and reach its conclusion, on the basis of "the actual proposals as they have been developed and are now before us."

Air Europe argued that the Commission's task was to reach a conclusion on the proposals as they stood at the beginning of the reference and not as they had been developed.

Lord Justice Lloyd said that, when the Commission reached a conclusion adverse to a proposed merger, the Fair Trading Act gave the Trade and Industry Secretary power to ask the Director General of Fair Trading to obtain undertakings to remedy or prevent any adverse effects *specified in the Commission's* report.

There was no machinery for obtaining undertakings where the Commission reported favourably on a merger proposal.

Air Europe argued that Parliament must have intended the Commission to report on the basis of the original proposals only - though mentioning in its report any developed proposals and recommending that undertakings be required to prevent any adverse effects.

"It would seem to me," Lord Justice Lloyd said, "artificial – even, perhaps, pedantic – to require the Commission to report on the original proposals and to ignore the developed proposals where the original proposals had become academic."

It would be even more artificial if the Commission were obliged to consider the developed proposals but *not* report on them, in the sense of saying whether they might be expected to operate against the public interest.

Such a very restricted view of the Commission's duties would be less than helpful to the Trade and Industry Secretary, the judge observed.

He concluded that the Commission was entitled to investigate and report on the matter as a whole - unless the new proposals were so radically different as to enable the Commission to say that the original ones had been abandoned.

Lord Justice Lloyd said that Air Europe had no possible comlaint of unfairness. It had made clear that it was not interested in limited safeguards; that nothing would suffice except a radical reappraisal of the licensing system.

The Commission had been entitled to take the view that *nothing* would be gained by submitting the developed proposals for further consideration by Air Europe. It had been entitled to consider that Air Europe's response would be the same as before, the judge said.

Lord King says SAS proposal not a longer term solution

BY CLAY HARRIS

British Airways yesterday stepped up its campaign to convince **British Caledonian Group** shareholders to accept its £200m takeover bid rather than the rival rescue package backed by **Scandinavian Airlines System**.

SAS, meanwhile, plans on Monday to increase the price of its offer, at present worth £110m, for 26.14 per cent of BCal shares. Mr Jan Carlzon, SAS president, is scheduled to fly to London for the unveiling of the new terms.

Lazard Brothers, BA's merchant bank, yesterday bought additional BCal shares at the £9.72 offer price. Its total holding is now believed to be close to 9 per cent.

As BA published its revised offer document, Lord King, chairman, told BCal shareholders: "Do *not* be fooled. The SAS proposal is barely a short-term palliative. It is certainly not a longer term solution."

The BA offer was BCal shareholders' only opportunity to realise their whole investment at a "very full cash price," Lord King said.

Any increase in the SAS offer price is not expected to change the complicated structure of the recapitalisation package cleared last week by the Civil Aviation Authority.

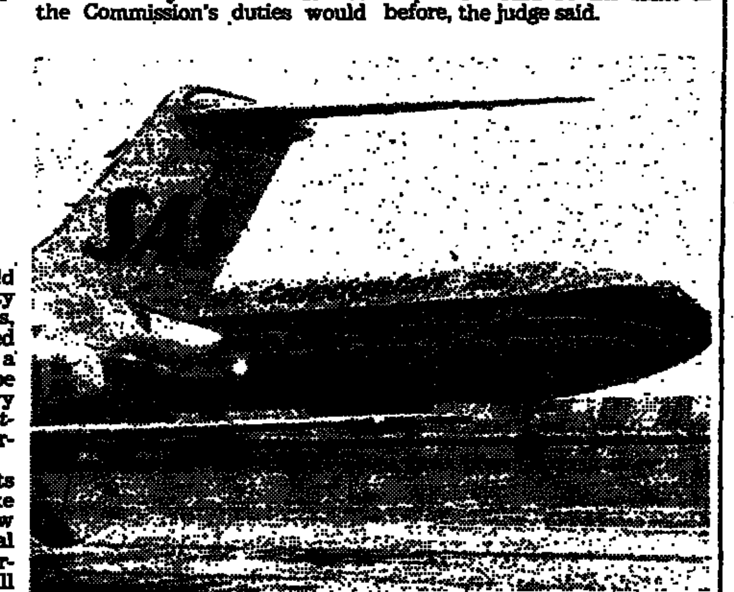
Dismissing what he described as the SAS "non-solution," Lord King said: "SAS would not guarantee BCal's debts. The synergies which could be derived are extremely limited. The amount of new money proposed to be invested in BCal is wholly inadequate, particularly since BCal intends to incur up to £11m of new debt in order to enable the employee trust to subscribe for shares."

By contrast, BA's offer would provide long-term job security and enhanced career prospects, Lord King said. He emphasised that job cuts – estimated at a minimum of 2,000 – would be achieved through voluntary *redundancies and natural wast*age from within the merged airline.

BA has slightly modified its request that the CAA revoke BCal's route licences. It now wants this to happen after BCal shareholders accept the SAS partial offer, which BA argues will constitute foreign control of the UK airline. It formerly had sought the immediate revocation of BCal's licences.

Despite this modification, and the CAA's rejection of his earlier request that BA's application either be thrown out or expedited, BCal chairman Sir Adam Thomson yesterday wrote again to the agency, insisting that BA's case still was "based on a hypothetical situation."

Sir Adam told the CAA: "Unless their present applications are a spoiling tactic intended to create uncertainty–an intention which Sir Colin [Marshall, BA chief executive] denies – we cannot see the point of them at all."



Scandinavian Airlines System (SAS) DC9 aircraft against a background of British Caledonian DC10s at Gatwick Airport.

Bunzl pays £27m for European merchants

BY MAGGIE URRY

Bunzl, the acquisitive paper and packaging group, announced two more deals yesterday totalling £26.8m. Both will expand its paper merchanting business in continental Europe. Yet more acquisitions are expected to be agreed before Christmas.

By far the larger of the two, worth £25.8m, is for Wilhelm Seiler, a family run business based in Wuppertal, West Germany. Bunzl had been courting Seiler for two or three years, Mr James White, the managing director, said yesterday.

Although Germany is the largest paper market in Europe, the paper merchanting business there, aside from the manufacturers, is dominated by private companies, which rarely change hands. Seiler has about 5 per cent of the market.

Mr White said this deal would give Bunzl the foundation on which to build a larger business, and may introduce it to other private companies in Germany. Bunzl's existing operation in Germany is small.

Seiler's net assets, valued at £23.3m, largely consist of seven warehouses. Pretax profits in 1988 are expected to be £4m and Bunzl is structuring the financing of the deal to keep the tax charge in the 15 to 20 per cent range, suggesting a prospective p/e of 7½ to 8.

The other acquisition, for £1m, is a 70 per cent stake in Cartaria Tenti, a paper merchant based in Como, Italy. The remaining 30 per cent is held by the management and will be gradually bought out by Bunzl on a formula relating to profits.

Mr White said the Italian paper merchanting market is very fragmented and Bunzl hopes to make a number of acquisitions there.

Bunzl raised £191m through a rights issue in September 1986 and expects to end the current year with net debt at about 20 to 25 per cent of equity.

Benlox lapses offer for Storehouse after third closing date

BY NIKKI TAIT

Storehouse, the retail combine headed by Sir Terence Conran, is finally out of the bid firing line for the first time since the summer.

Last night, Benlox – the relatively tiny civil engineering and investment dealing company making a "demerger" bid for Storehouse – announced that it was lapsing its offer. Yesterday represented the third closing date in the bid, and the offer could not have been extended beyond Monday (day 60) in any case.

Benlox did not disclose a figure for acceptances. The company's statement, however, gave the withdrawal of a number of institutional acceptances as a reason for not extending over the weekend. At the second closing date, Benlox controlled just 1.86 per cent of its target's shares. Neither Mountleigh, the property company, nor Mr Robert Maxwell, the publisher, backed the offer, according to Benlox. Both have stakes of around 3 per cent.

"Throughout the course of the offer," added the defeated predator, "it has been apparent to the board of Benlox that there was significant dissatisfaction amongst institutional shareholders in Storehouse with the performance of their company. In the last few days, it has become clear that a demerger is not the only solution currently under consideration to solve the problems at Storehouse." Last night, Mr Peter Earl, a Benlox director, was unable to elaborate on the nature of any of these alternatives.

Last night, Sir Terence said he was "absolutely delighted" that the bid had ended, but described the Benlox statement as "pretty grudging". On the question of institutional feelings, he added: "We have absolutely no knowledge of dissatisfaction from institutions. Obviously, they would like to see us performing better and they would like to see us appoint a chief executive."

"But in our institutional rounds, we did not meet a single one who said they would back Benlox."

Woolworth dispute with former director resolved

BY NIKKI TAIT

Woolworth Holdings, the high street retailer, yesterday announced that it has resolved its dispute with Mr Malcolm Parkinson, a former main board director of the group.

On Tuesday night, Woolworth was granted injunctions in the High Court, against Mr Parkinson, the Evening Standard, and journalist, Mr Stephen Hargrave. The injunctions prevented the disclosure or publishing of confidential information received from any present or former director of Woolworth.

Yesterday, a joint statement from the two parties noted that Mr Parkinson has strongly denied from the outset that he was responsible for the leak of any confidential information or documents and that he reaffirmed when he left the company in November that he would never disclose any confidential information.

"Mr Parkinson has now given the Court an undertaking to the same effect," continued the statement. "Woolworth have therefore agreed to the injunction against Mr Parkinson being discharged." The injunction against the Evening Standard and Mr Hargrave is still in force.

The information involved in the dispute relates to board papers belonging to Woolworth and to matters which took during the summer. That was the period when Woolworth was widely rumoured to be a possible suitor for Storehouse, the rival retail combine headed by Sir Terence Conran. Woolworth has consistently refused to comment on the rumours. In late-September, however, it sold a small shareholding in Storehouse.

Mr Parkinson left Woolworth in early November – for reasons that were never fully explained. Ten days later it was announced that he would be joining Benlox, the small investment holding to civil engineering company whose "demerger" bid for Storehouse is now in its final stages. Mr Parkinson was appointed to the Benlox board later that month.

Refuge starts to diversify

By Nick Bunker

Refuge Group, the home service life assurance company, has started building a network of estate agencies in south-eastern England by agreeing to pay at least £7.48m for two related companies, Douglas Allen Spiro and IFICO Estate Agents.

They trade as Douglas Allen Spiro, a chain with 20 estate agency outlets mainly in Essex and north-east London. Thirteen of them have opened in the last 18 months, Refuge said yesterday.

They made a total pre-tax operating profit of only £305,000 in the year to June 30, 1987, but Refuge said this reflected the impact of initial losses being made by the newer branches.

The acquisition represents Refuge's first thrust into the estate agency field, which has been extensively colonised by other insurance companies over the last two years.

Douglas Allen Spiro is wholly owned by Industrial Finance and Investment Corporation (IFICO). IFICO Estate Agents is owned 70 per cent by IFICO and 30 per cent by Mr Ivor Spiro. Mr Spiro will have a new contract as Douglas Allen Spiro's managing director and will get extra deferred payment for his shares based on the agencies' future performance.

Subject to approval by an IFICO extraordinary general meeting on January 4, Refuge will pay half the £7.48m on completion, and the rest six months later. It will be satisfied by the issue of 1,975,774 new Refuge shares.

Estate agencies will make "a good outlet for the sale of our policies," said Mr John Cudworth, Refuge's investment secretary. They will eventually sell Refuge policies exclusively, mainly as mortgage repayment vehicles.

Refuge plans within five years to have 80 branches in the south-east, which it says is one of its strongest sales areas.

Consolidated Tern buying estate agencies

BY HEATHER FARMBROUGH

Consolidated Tern, the USM property and construction company currently undergoing reorganisation with new management, is moving into estate agency through acquisitions worth an initial £9.32m.

Tern, which expects to report a £4m trading loss for the year to September, announced yesterday the proposed acquisition of two residential agents, Badgers and Windsor Fareham, which are based in Surrey, Berkshire and Hampshire. Tern is paying an initial consideration of £8.66m and £636,792 respectively.

Tern aims to create a network of around 100 sales offices by the end of 1988, and 200 by the end of the decade. Its objective is to be the largest residential estate agency business in the South of England not owned by a financial institution.

In a complicated financial deal, Tern is raising an additional £1m working capital by an open offer of 2,165,019 shares on the basis of one-for-2.3 at 45p. The shares were suspended yesterday at 53p.

Earlier this year Tern raised £3.1m through a capital reconstruction. Tern is financing the acquisition of Badger by £3.16m cash and the issue of 12.2m shares at 45p. There is a further consideration of up to £500,000 depending on future profits.

Consideration is being met by the issue of 1,415,094 shares at 45p. Up to a further £1.75m will fall due if pre-tax profits for next year are between the warranted £184,000 and £400,000.

The group has been reorganised into three divisions: building, development and property services, of which the acquisition of Badger and Windsor Fareham is the first step.

The company has stopped undertaking work in London as part of corrective action to remedy problems in its south of England building division. A number of managers from this division have been replaced and stricter financial and managerial controls introduced.

Barclays Bank plans move into factoring

Barclays Bank has revealed that it is negotiating to buy a controlling stake in Arbuthnot Commercial Services, a factoring and invoice discounting group. If the deal goes ahead it will be Barclays' first move into factoring.

The 75 per cent stake is at *present* held by Arbuthnot Latham, the small merchant bank. The other 25 per cent is held by Yorkshire Bank, which is not thought likely to sell.

Barclays Bank said yesterday that it was negotiating the purchase so that it could start offer*ing a factoring service to its* many small industrial customers.

Hutchinson raises Cluff stake

BY STEVEN BUTLER

Hutchinson Whampoa, the Hong Kong group controlled by Mr Li Ka-Shing, could lift its stake in Cluff Oil as high as 22.1 per cent following a £5m, one-for-ten, rights issue announced yesterday by Cluff.

Mr Algy Cluff, chairman, welcomed the increased participation from Mr Li in the current atmosphere, in which the independent oil companies have *become takeover targets by the* majors.

"Mr Li is a friend and we can plan ahead now without the threat of a takeover," he said.

The issue has been fully underwritten by Humphred Investment, a subsidiary of Hutchison Whampoa, which has also agreed to buy for £6.7m the 14.3 per stake in Cluff held personally by Mr Li. Mr Li raised his stake in Cluff from just under five per cent in early November.

The shares are to be issued at 118p, a 4p premium to yesterday closing price. Cluff shares closed up 2p on the day. Mr Algy Cluff said it was intended that all the rights be taken up by Hutchison.

The funds are to be used for development of Cluff's overseas mineral operations, which Mr *Cluff said would now lead* Cluff's growth.

The Rebecca Sulphide Deposits in Zimbabwe will be developed so that production would be expected to reach 4,150 oz per month starting in October 1988.

Cluff is also to form a joint venture with Antofagasta Hold*ings to acquire two US* subsidiaries from St. Joe Gold International that have gold mining interests in Spain.

Cluff Mineral Exploration will operate the joint venture for developing a heap-leaching operation near Rodalquilar, with recoverable reserves estimated at not less than 35,000 oz. Mr Cluff said that by the end of the decade revenues from the mining side of the business would dwarf the oil side. Mr Cluff *hoped the company would be* able to mine 100,000 ounces of gold annually by 1989.

Discovery costs of oil, he said, were $13 to $14 per barrel, which allowed little room for profits at current prices. At Cluff's African gold operation, by contrast, gold was costing $200 per ounce to produce, compared to a $460 selling price.

Acquisitions help CHI to 58% rise

Assisted by acquisitions, the CH Industrials group expanded its turnover by 66 per cent and profit before tax by 58 per cent in the half year ended September 26, 1987.

And the second half would include a full period's contribution from Gripperrods (carpet grippers and metal edgings) and DMI Holdings (components for office furniture) acquired for £32.4m from September 26, and Auto Springs and Wm. Deakin purchased later in the year.

Interim results included first full six months from L. Fischer and Beclawat in specialist engineering and design, and Siegel & Stockman in office products and shopfitting.

Half year turnover came to £41.63m (£25.14m) and the profit to £2.13m (£1.35m). The operating surplus surged 78 per cent to £3.42m, *but had to suffer* substantially higher finance charges of £1.23m (£490,000) and associates losses £59,000 (£78,000).

Contributions to the operating profit were chemical and polymer products £1.08m (£949,000), specialist engineering design £1.68m (£470,000), office products and shopfitting £467,000 (£408,000), and property and investment £200,000 (£91,000).

After tax £597,000 (£328,000), earnings came to 3.66p (2.9p) and the interim dividend is 0.75p (0.575p) on increased capital. A total of not less than 3.35p (2.8p) had been forecast.

Water Authorities in Great Portland raid

BY CLAY HARRIS

The Water Authorities Superannuation Fund emerged yesterday as the "dawn raider" on **Great Portland Estates.** It now holds 14.93 per cent of the property company.

In Tuesday's £60m raid, the fund bought about 12.5 per cent of the shares in the market at 319p, compared with yesterday's *price of 298p. Mercury Asset* Management was among the sellers and now holds 13.7 per cent of Great Portland.

The purchase preserves an interest for the water fund in the property market north of Oxford Street in central London, an area in which Great Portland has extensive holdings.

In May, the water fund granted Priest Marians Holdings, another property company, a nine-month option to buy the Langham Estate, comprising 179 freehold properties in the same area.

Priest Marians is asking shareholders to approve the £87m purchase at an egm next month. In November, Priest Marians said the estate had been valued at £100m.

Halfway drop for Pavion

A CUT in first half profits from £261,000 to £193,000 is announced by **Pavion International,** the USM-quoted cosmetics manufacturer and engineer with subsidiaries in the US.

The period covered the six months ended August 31 1987. Turnover was £13.44m (£12.62m) and the operating profit £525,000 (£645,000).

That was made up as to:- Pavion £1.26m (£1.91m), Thermex-Thermatron £72,000 (loss £253,000), properties and sundry activities loss £30,000 (£36,000), Tobylane nil (loss £125,000), central overheads £277,000 (£359,000), amortisation of goodwill and trade marks £497,000 (£494,000).

After tax there was a loss of 0.1p (earnings 0.1p) per share.

Strong competition in the US cosmetic market kept margins under pressure, and cash restraints were limiting the company's ability to finance promotion campaigns.

A weakening dollar was *affecting* the group's performance in sterling terms.

Kleinwort Charter assets slip

Net asset value of **Kleinwort Charter Investment Trust** stood at 129.1p at end-November 1987 compared with 136.7p a year earlier.

Net revenue for the year, after tax of £1.04m (£931,093), improved from £2.18m to £2.59m for earnings per share of 3.16p 2.66p. Total income was £4.25m (£3.83m).

The directors are proposing to lift the final dividend to 2p (1.78p), for a 2.875p (2.6p) total.

They said that for some time they had been considering borrowing and following the decline in world stock markets this was an appropriate time.

Management and administrative expenses for the year rose to £515,000 (£389,548), while interest took less at £101,414 (£324,530).

Dee appointments

Dee Corporation, Britain's third largest food retailer and the *recipient of an unwanted* £2bn takeover offer from the much smaller **Barker & Dobson** group on Thursday, has appointed Lazard Brothers and Lazard Freres to lead its bid defence.

In addition, Dee is also appointing Morgan Grenfell to work in association with the two Lazard houses. Both Lazards and Morgan Grenfell have advised Dee in the recent past.

Wellman holds recovery tack with £0.7m midway

Wellman, thermal and mechanical engineer, continues to make recovery, if at an unspectacular rate. In fact it is a reduction of £164,000 to £177,000 in interest charges that has left pre-tax profits up from £663,000 to £707,000 in the six months to September 30.

Group borrowings have been progressively reduced during the six months and there has yet been no material benefit from the rights issue which the group got successfully away last September before the crash. The *directors say that the positive* cash flow from operations underscores the recovery that is continuing in the group's affairs.

The group's order book is satisfactory and enquiries continue to be received at a high level. While market conditions remain difficult in the US, particularly for the furnace division where no change is foreseen in the short term, the directors are confident that all companies will achieve their planned targets for the full year.

As forecast, the current year has started slowly with several important contracts in the UK and US not being delivered until the second half. All businesses however, have performed broadly in line with expectations.

Turnover for the period was marginally better at £18.93m (£18.02m) but group operating profit was lower at £884,000 (£1m). There was a tax charge this time of £253,000 (£11,000 *credit) so that earnings per share* are down from 4.29p to 2.69p on a net basis, and from 2.62p to 1.65p fully diluted.

The reduction in capital was confirmed by the High Court in November. While the rights issue will bring forward the date on which payment of ordinary dividends can be resumed, this is precluded until all arrears of dividend on preference shares have been paid.

Norish builds up food side

Norish is to acquire **West Suffolk Public Cold Store** for up to £3m. The acquisition will form the core around which Norish (based in Ireland) intends to build its food storage and distribution interests in Britain.

Initial payment is £1.5m on completion, £1.2m represented by loan stock will be payable on or before twelve months, and up to £300,000 will be due on finalisation of West Suffolk accounts for 1987-88.

Norish said the strong earnings flow from West Suffolk combined with that from its own *Belfast and Craigavon operations* will provide the resources to pursue development plans in Britain.

RTZ lifts MK stake

RTZ has increased its holding *in* **MK Electric** - from which it has this week secured a recommendation for its second, £282.8m bid – to 39 per cent.

Legrand, the French company which dropped its lower bid in the face of RTZ's second offer, still holds 9 per cent of MK.

Norcros purchase

Norcros, diversified industrial group, has taken its first step into building products distribution in Australia with the purchase of Crosby Tiles for an undisclosed amount.

Norcros will add UBM, the name of its UK builders' merchants, to Crosby's four trading outlets. Norcros's Johnson Tiles subsidiary is Australia's largest maker of glazed ceramic wall and floor tiles.

Elga profits setback in first six months

IN ITS first report since flotation, the **Elga Group** of water purification specialists announces profits lower than expected at the time it came to the market last June.

In the half year ended September 30 1987 profit before tax came to £201,000. That was a 46 per cent drop on the previous £370,000.

Consequently, the results for the full year were likely to be down on the £1.04m of 1987-87. They have declared an interim dividend of 0.7p and forecast a final of 1.4p.

Some boardroom changes are also announced. Mr Geoff Spink will become managing director on January 1 in place of Mr John Tricks, who has resigned. Mr Phillip Doggett, the finance director, has also resigned.

In his interim report Mr Frank Sanderson, chairman, said gross margins were affected by a change in the mix of sales from those budgeted and in retrospect "we also did not react sufficiently quickly to the lower than expected level of sales in the early part of the financial year".

Equipment made by the group is used in industrial and scientific processes, including those in the electronics, pharmaceuticals, cosmetics, metal finishing; and food and drinks industries. Turnover in the six months was £6.93m (£5.3m).

Mr Sanderson said the continuing decline in the dollar had given overseas competitors of industrial systems, predominantly the US based companies, a substantial cost advantage. That affected the order intake, particularly in the Far East where Elga was very successful in the previous year.

The UK industrial systems market continued to be strong and resin regeneration division continued to make a significant *contribution.* Mr Sanderson said the group was expanding its activities in France. Its aim was to increase its share of the resin regeneration market there to a level similar to that of the UK.

It regarded its position in France as a base from which to generate further expansion

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Cardiff Property....fin	1.3		1.25	1.9	1.85
CH Industrials ......int	0.75†	Feb 19	0.58	-	2.8
Elec and Gen Inv ...int	0.5		0.42	-	1.05
Elga Group ....int	0.7	Feb 22	-	-	-
Forminster ....int	2.5	Feb 17	2.24	-	7.19
Kleinwort Chart ...fin	2	Apr 7	1.78	2.88	2.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§55	F.P.	-	61	55	‡Allied Restaurants 5p	61		L1.1	4.6	2.5	12.0
330	120	-	92	71	British Petroleum	70½		R12.5	1.5	6.1	13.9
-	F.P.	-	3	2	EFM Dragon Tst. Wrrnts.	3	+½	-	-	-	-
†	F.P.	-	268	231	English & Caledonian Inv.	231		-	-	-	-
350	F.P	-	284	243	Eurotunnel Units	243	-2	-	-	-	-
-	F.P.	-	13	10	Do Warrants	14½		-	-	-	-
†	F.P	-	125	83	Hard Rock A (R-Vtg) 2p	83		L1.53	3.3	2.5	14.8
60	F.P.	-	77	66	How Group 10p	77	+6	R2.2	3.1	3.9	11.2
85	F.P.	-	100	93	Intl. Colour	98	-2	L1.0	7.4	1.4	13.2
§75	F.P.	-	78	75	Nestor-BNA 10p	78		R1.85	2.5	3.2	16.9
§80	F.P.	-	101	88	Paragon Comms. 5p	88		R2.5	3.4	3.9	10.2
§18	F.P.	-	21	19	‡Pathfinders Grp. 5p	20		b0.29	3.9	2.0	17.5
§100	F.P.	-	106	103	‡Shorco Grp.	104		-	*	4.8	10.5
17	F.P.	-	25	18	*Staks Hldgs.	24		-	-	2.0	61.3
§114	F.P	-	121	115	‡Sykes-Pickavant 10p	118		R5.25	2.0	6.1	11.1
§70	F.P.	-	73	66	‡Trevian Hldgs. 10p	68	+2	R2.0	4.6	4.0	7.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or -
-	-	-	99½	90½	Ansbacher(H.)9pc.Cnv.Sub.Ln.1996	97½	
§91.54	250	-	49⅝	49⅝	Brit.&Comm.10¼pc.Un.Ln.2012	49½	
100	F.P.	-	48	45	Housing Fin.5pc.Deb.2027	45⅞	
100	F.P.	-	750	700	Do. Zero Deb.2012	73⅞	
-	F.P.	-	101⅜	99⅝	N'Wide Anglia 10⅜pc 12.9.88	100⅞	-⅛
-	F.P.	-	101½	99¼	Do. 10⅝pc 26.9.88	100⅝	-⅛
-	F.P.	-	101⅞	100⅜	Do. 10⅞pc 31.10.88	100¼	-⅛
-	F.P.	-	100⅝	99⅞	Do. 9⅞pc 28.11.88	99½	-⅛
100p	F.P	-	115p	100p	‡Williams Fixed Rate Cnv.Cum.Red.Pfr.	111p	+2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or -
300	Nil	-	52pm	19pm	‡Applied Holographics 5p	29pm	+7
27.5	Nil	-	3½pm	3pm	‡Bio-Isolates (Hldgs)	3½pm	+½
5	Nil	-	13pm	11pm	‡Biomechanics Int.	11pm	-1
‡	Nil	-	4½pm	3pm	City & Foreign	4pm	
25	Nil	-	46pm	26pm	ERA Grp. 5p	33pm	
20	Nil	-	1¾pm	1¼pm	North Sea Assets B 5p	1¾pm	

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. ⊥ Estimated annualised dividend, cover and p/e based on latest annual earnings. H Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. Z Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided. ¶ Issued by tender. ♦ Offered to holders of ordinary shares as a rights. † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of stocks per grouping)	Thu Dec 17 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	Wed Dec 16 1987 US Dollar Index	Pound Sterling Index	Local Currency Index	Dollar Index 1987 High	1987 Low	Year ago (approx)
Australia (88)	97.41	+1.2	78.68	90.40	4.55	96.23	77.88	89.67	180.81	85.36	99.54
Austria (16)	96.98	+1.1	78.34	81.75	2.55	95.93	77.63	81.41	102.87	85.53	94.42
Belgium (48)	96.14	−0.4	77.66	81.09	5.83	96.54	78.13	81.54	134.89	94.63	94.84
Canada (127)	108.13	−0.7	87.34	102.22	3.04	108.87	88.10	103.15	141.78	98.15	99.61
Denmark (38)	114.64	+0.6	92.60	97.45	3.02	113.95	92.22	97.45	124.83	98.18	95.86
France (121)	86.01	−0.4	69.47	74.07	3.56	86.31	69.85	74.84	121.82	77.39	100.57
West Germany (93)	77.63	−0.3	62.71	65.46	2.89	77.85	63.00	65.99	104.93	68.91	95.12
Hong Kong (46)	83.07	+0.3	67.09	82.82	5.97	82.84	67.04	82.65	158.68	73.92	94.24
Ireland (14)	103.55	+0.9	83.64	89.10	5.07	102.59	83.02	88.57	160.22	93.50	96.03
Italy (94)	79.38	+2.0	64.11	70.72	2.69	77.83	62.98	69.63	112.11	72.04	93.22
Japan (457)	145.72	+1.4	117.70	116.25	0.59	143.77	116.35	115.69	161.28	100.00	96.73
Malaysia (36)	104.13	+0.4	84.11	99.76	3.62	103.73	83.95	99.38	193.64	93.76	99.64
Mexico (14)	108.67	+0.7	87.78	271.49	1.10	107.97	87.37	269.74	422.59	99.72	98.21
Netherland (37)	96.42	+0.3	77.88	80.33	5.57	96.16	77.82	80.58	131.41	87.70	96.65
New Zealand (20)	75.32	+0.4	60.84	61.88	5.44	75.04	60.73	61.75	138.99	75.04	97.91
Norway (24)	97.67	+1.4	78.89	84.35	3.23	96.30	77.93	83.36	185.01	95.51	97.89
Singapore (26)	90.20	+0.8	72.86	83.01	2.91	89.50	72.43	82.43	174.28	81.21	100.95
South Africa (61)	139.37	+0.3	112.57	93.04	4.61	139.00	112.49	92.79	198.09	100.00	103.92
Spain (43)	130.19	+3.5	105.16	108.64	3.80	125.81	101.81	105.41	168.81	100.00	96.20
Sweden (34)	97.66	+2.8	78.89	85.45	2.67	95.00	76.88	83.43	136.64	88.50	96.78
Switzerland (53)	81.21	+0.8	65.59	66.30	2.48	80.58	65.21	66.37	111.11	73.65	94.53
United Kingdom (332)	128.32	+1.3	103.64	103.64	4.48	126.71	102.54	102.54	162.87	99.65	94.38
USA (582)	98.99	−1.8	79.95	98.99	3.72	100.80	81.58	100.80	137.42	91.21	102.30
Europe (947)	102.44	+0.9	82.75	85.12	3.95	101.50	82.14	84.65	130.02	92.25	95.29
Pacific Basin (673)	141.46	+1.3	114.26	113.98	0.80	139.61	112.98	113.43	158.77	100.00	96.79
Euro–Pacific (1620)	125.89	+1.2	101.68	102.45	1.83	124.40	100.67	101.94	143.65	100.00	96.20
North America (709)	99.47	−1.7	80.34	99.19	3.68	101.23	81.92	100.95	137.55	91.68	102.15
Europe Ex. UK (615)	86.39	+0.6	69.78	73.49	3.46	85.86	69.49	73.43	111.97	78.89	95.86
Pacific Ex. Japan (216)	89.95	+0.8	72.66	84.60	4.95	89.22	72.21	84.13	164.03	82.92	97.62
World Ex. US (1822)	125.41	+1.1	101.30	102.49	1.90	124.01	100.36	102.02	143.38	100.00	96.40
World Ex. UK (2072)	113.90	+0.0	92.00	101.09	2.28	113.89	92.16	101.55	138.82	100.00	99.11
World Ex. So. Af. (2343)	115.02	+0.1	92.90	101.34	2.49	114.86	92.95	101.65	139.47	100.00	98.66
World Ex. Japan (1947)	100.55	−0.7	81.22	93.78	3.83	101.25	81.94	94.58	134.22	92.98	99.63
The World Index (2404)	115.18	+0.1	93.03	101.31	2.50	115.02	93.08	101.62	139.73	100.00	98.69

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Dec 18 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thu Dec 17 Index No.	Wed Dec 16 Index No.	Tue Dec 15 Index No.	Year ago (approx) Index No.	1987 High	1987 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	709.94	+1.3	10.13	4.07	12.39	20.46	700.69	689.56	679.82	673.81	1038.87 16/7	618.07 10/11	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (30)	925.66	+2.4	10.65	4.06	11.68	26.06	904.29	879.21	866.27	847.08	1381.08 16/7	798.03 4 /12	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (33)	1330.32	+0.8	9.94	3.76	13.36	34.66	1319.94	1308.91	1287.73	1161.35	1951.50 16/7	1115.39 10/11	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (14)	1980.10	+0.7	9.24	4.69	14.07	64.72	1966.01	1949.00	1911.20	1715.67	2733.45 20/7	1661.76 10/11	2733.45 20/7 /87	84.71 25/6 /62
5	Electronics (33)	1491.44	+0.6	10.70	3.48	12.20	38.48	1482.31	1481.60	1459.45	1457.60	2236.70 17/7	1375.66 1 /12	2236.70 17/7 /87	1229.01 8 /10/85
6	Mechanical Engineering (60)	360.74	+1.0	10.35	4.57	12.17	12.17	357.22	351.63	343.42	381.55	544.57 14/10	296.26 10/11	544.57 14/10/87	45.43 5 /1 /75
8	Metals and Metal Forming (7)	433.17	+0.4	9.76	3.87	12.37	12.48	431.40	423.78	416.79	345.58	596.67 9 /10	348.64 9 /11	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	260.48	+1.9	11.55	4.47	10.08	7.36	255.66	245.67	240.90	261.79	411.42 13/10	221.69 4 /12	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (23)	1236.57	+1.8	8.55	4.20	13.91	37.65	1214.71	1194.34	1191.99	1154.90	1736.80 22/9	1051.78 10/11	1736.80 22/9 /87	277.55 15/1 /81
21	CONSUMER GROUP (182)	1015.80	—	8.63	3.58	14.76	24.88	1015.85	997.86	984.29	928.92	1406.32 16/7	919.77 9 /11	1406.32 16/7 /87	61.41 13/12/74
22	Brewers and Distillers (21)	983.92	—	10.98	4.01	11.54	24.09	983.07	952.16	939.35	918.29	1269.35 16/7	877.37 9 /11	1269.35 16/7 /87	69.47 13/12/74
25	Food Manufacturing (23)	828.39	+0.1	9.30	3.89	13.79	22.50	827.51	814.22	807.32	727.21	1092.25 16/7	726.65 9 /11	1092.25 16/7 /87	59.67 11/12/74
26	Food Retailing (17)	2073.09	−1.7	7.70	2.93	17.32	47.36	2108.85	2000.77	1990.65	1810.50	2649.96 16/7	1840.05 10/11	2649.96 16/7 /87	54.25 11/12/74
27	Health and Household Products (10)	1739.92	+0.9	6.75	2.58	17.68	33.67	1723.75	1716.57	1692.76	1619.53	2699.85 16/7	1590.82 10/11	2699.85 16/7 /87	175.38 28/5 /80
29	Leisure (29)	1107.26	+0.3	7.88	4.21	15.85	29.83	1104.18	1079.57	1066.13	957.10	1504.79 13/10	943.87 9 /11	1504.79 13/10/87	54.83 9 /1 /75
31	Packaging & Paper (16)	495.10	+1.3	8.51	3.66	15.46	12.53	488.70	483.35	469.62	481.88	739.48 16/7	427.56 10/11	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (15)	3275.30	−0.4	6.69	4.46	18.89	98.06	3287.72	3217.14	3126.33	2697.67	5070.66 5 /10	2713.49 2 /1	5070.66 5 /10/87	55.08 6 /1 /75
34	Stores (35)	822.91	−0.2	9.16	3.68	14.65	20.18	824.58	824.84	812.77	800.67	1160.58 29/7	749.46 3 /12	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (16)	596.53	+0.9	11.03	3.95	10.45	17.60	591.44	588.25	575.72	547.92	914.52 2 /10	515.17 30/11	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (87)	837.51	+1.5	11.02	4.42	11.28	22.64	825.18	814.37	801.79	801.54	1192.48 8 /10	759.10 10/11	1192.48 8 /10/87	58.63 6 /1 /75
41	Agencies (17)	1014.11	+1.7	6.90	2.36	18.52	17.18	997.59	978.00	972.80	0.0	1795.57 17/7	870.35 4 /12	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (21)	1047.38	+1.9	9.77	4.47	12.56	33.55	1027.58	1022.11	1018.97	1005.10	1545.46 5 /10	920.61 10/11	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (13)	1119.13	+1.6	10.63	4.66	10.80	28.57	1101.21	1089.04	1069.95	0.0	1547.01 8 /10	975.19 10/11	1547.01 8 /10/87	975.19 10/11/87
45	Shipping and Transport (11)	1739.17	+1.7	9.77	4.74	13.42	57.73	1710.70	1698.64	1659.05	1503.11	2497.85 16/7	1535.32 9 /11	2497.85 16/7 /87	98.80 29/6 /62
47	Telephone Networks (2)	876.87	+1.5	12.28	4.83	10.84	20.21	864.31	847.06	835.50	818.77	1274.14 9 /6	833.40 7 /12	1274.14 9 /6 /87	517.92 30/11/84
48	Miscellaneous (23)	1144.21	+0.7	13.43	4.17	8.86	34.90	1135.78	1120.29	1096.48	1096.64	1773.70 5 /10	1039.40 10/11	1773.70 5 /10/87	60.39 6 /7 /75
49	INDUSTRIAL GROUP (483)	896.94	+0.7	9.66	3.93	13.04	23.54	890.42	876.17	863.70	838.36	1268.86 16/7	804.87 10/11	1268.86 16/7 /87	59.01 13/12/74
51	Oil & Gas (17)	1613.09	+0.6	10.30	6.10	11.98	65.84	1604.91	1630.90	1631.69	1470.91	2458.68 16/7	1487.60 2 /12	2458.68 16/7 /87	87.23 29/5 /62
59	500 SHARE INDEX (500)	957.68	+0.7	9.75	4.24	12.88	27.18	950.96	940.14	928.81	891.95	1369.88 16/7	867.65 10/11	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (121)	622.25	+1.0	–	5.03	–	22.25	616.14	608.74	604.22	603.82	896.67 13/10	565.33 10/11	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	613.48	+1.7	21.74	6.38	6.08	26.94	603.49	602.96	603.78	669.01	898.38 16/7	577.39 4 /11	898.38 16/7 /87	62.44 12/12/74
65	Insurance (Life) (8)	898.18	−0.2	–	5.12	–	32.56	899.82	898.68	898.16	853.88	1285.72 9 /10	821.55 9 /11	1285.72 9 /10/87	44.88 2 /1 /75
66	Insurance (Composite) (7)	534.12	−0.3	–	5.36	–	20.16	515.83	504.57	494.62	449.52	707.58 13/10	448.44 1 /12	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (8)	906.15	+1.0	12.25	6.34	10.45	40.26	897.42	889.58	840.37	1137.92	1399.56 17/7	709.92 9 /11	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (11)	332.71	+2.8	–	4.28	–	10.09	323.52	312.29	311.72	341.31	547.59 12/10	306.65 10/12	547.59 12/10/87	31.21 7 /1 /75
69	Property (49)	965.22	+1.6	5.43	3.18	23.54	22.00	950.34	936.40	930.04	795.24	1374.86 16/7	805.82 5 /1	1374.86 16/7 /87	56.01 20/4 /65
70	Other Financial (30)	369.47	+0.5	9.84	4.29	12.85	11.96	367.56	357.51	354.94	360.85	603.48 16/7	339.79 1 /12	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (87)	785.41	−0.1	–	3.22	–	17.82	786.50	777.81	771.78	864.84	1207.90 5 /10	726.15 10/11	1207.90 5 /10/87	71.12 13/12/74
81	Mining Finance (2)	426.25	−0.2	10.67	4.00	10.56	12.77	427.26	435.97	436.91	326.43	727.93 3 /8	336.91 10/11	727.93 3 /8 /87	66.31 30/9 /74
91	Overseas Traders (10)	924.57	−0.5	9.78	5.40	12.00	37.00	928.78	925.11	912.85	753.37	1364.12 13/10	778.26 2 /1	1364.12 13/10/87	97.37 6 /1 /75
99	ALL-SHARE INDEX (720)	867.07	+0.7	–	4.33	–	25.52	861.05	851.61	842.23	815.18	1238.57 16/7	784.81 10/11	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Dec 17	Dec 16	Dec 15	Dec 14	Dec 11	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1717.8	+10.8	1717.0	1681.5	1706.2	1689.8	1670.0	1652.6	1651.6	1632.2	2443.4 16/7	1565.2 9 /11	2443.4 16/7 /87	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Dec 18	Day's change %	Thu Dec 17	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	122.88	+0.19	122.64	–	11.00
2	5-15 years	137.79	+0.43	137.20	–	13.71
3	Over 15 years	144.78	+0.60	143.91	–	14.01
4	Irredeemables	159.98	+0.23	159.62	–	13.59
5	All stocks	134.97	+0.38	134.46	–	12.93
	Index-Linked					
6	5 years●	123.57	+0.06	123.50	–	2.18
7	Over 5 years●	115.74	+0.05	115.68	–	3.15
8	All stocks●	116.21	+0.05	116.15	–	3.06
9	Debentures & Loans	115.87	−0.16	116.06	–	10.64
10	Preference	84.87	−0.53	85.33	–	6.15

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 18	Thu Dec 17	Year ago (approx.)	1987 High	1987 Low
	British Government						
1	Low	5 years	8.93	8.96	9.90	9.92 19/10	7.52 11/5
2	Coupons	15 years	9.58	9.64	10.41	10.27 19/10	8.53 8 /5
3		25 years	9.42	9.46	10.41	10.08 2 /1	8.55 8 /5
4	Medium	5 years	9.56	9.63	11.15	10.88 2 /1	8.39 8 /5
5	Coupons	15 years	9.78	9.84	10.75	10.51 19/10	8.74 8 /5
6		25 years	9.67	9.68	10.44	10.24 19/10	8.75 8 /5
7	High	5 years	9.64	9.72	11.21	10.84 2 /1	8.58 8 /5
8	Coupons	15 years	9.94	9.98	10.92	10.67 19/10	8.86 8 /5
9		25 years	9.68	9.72	10.49	10.31 19/10	8.72 8 /5
10	Irredeemables	†	9.32	9.39	10.19	10.30 19/10	8.41 9 /11
	Index-Linked						
11	Inflation rate 5%	5yrs.●	3.10	3.10	3.78	4.03 19/10	2.03 20/5
12	Inflation rate 5%	Over 5 yrs.●	3.96	3.96	3.74	4.63 19/10	3.30 6 /4
13	Inflation rate 10%	5 yrs.●	3.49	3.47	2.20	4.14 19/10	0.85 24/3
14	Inflation rate 10%	Over 5 yrs.●	4.03	4.03	3.61	4.65 19/10	3.17 27/3
15	Debs &	5 years	10.90	10.91	11.78	11.86 20/10	9.46 12/6
16	Loans	15 years	11.03	11.02	11.56	11.67 20/10	9.79 23/3
17		25 years	11.11	11.08	11.56	11.49 20/10	9.84 23/3
18	Preference	†	10.68	10.62	11.85	11.83 2 /1	10.05 22/6

♦Opening index 1702.3; 10 am 1699.7; 11 am 1694.4; Noon 1689.4; 1 pm 1689.6; 2 pm 1690.9; 3 pm 1698.2; 3.30 pm 1702.3; 4 pm 1712.0

●Corrected figures for December 14 and 15 are available from FT Prices .Tel.01-403-0669.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

Unlisted Securities Market and The Third Market

The Financial Times proposes to publish this survey on Wednesday January 27th, 1988 for a full editorial synopsis and details of available advertisement positions, please contact:-

Tim Davis
on 01 248 8000 ext: 4181
or write to him at:
Financial Times
10 Cannon Street, London EC4P 4BY

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	5,300	Enterprise Oil	2,200	Prudential	531
Allied-Lyons	1,900	Fisons	2,200	Racal	4,000
Amstrad	3,800	Gen. Accident	328	Rank Org.	358
Argyll Group	2,500	Gen. Elect	7,300	RMC	91
Assoc. Brit. Foods	445	Glaxo	2,500	RHM	771
BAA	3,100	Globe Investment	677	Reckitt & Col.	227
BAT	1,700	Granada	395	Redland	427
BET	2,100	Grand Met	3,800	Reed Intl.	1,800
BICC	1,400	GUS A	69	Reuters	1,000
BOC	364	Guardian R.E.	272	RTZ	605
BPB Inds	1,900	GKN	1,800	Rolls-Royce	7,100
BTR	1,200	Guinness	4,800	Rothmans	621
Barclays	665	Hammerson	708	Rowntree	643
Bass	600	Hanson Trust	9,500	Ryl Bank Scotland	210
Beecham	1,400	Hawker Sidd	1,400	Royal Insurance	1,000
Blue Arrow	4,100	Hillsdown Hldgs	2,100	STC	3,400
Blue Circle	1,100	IMI	308	Saatchi & Saatchi	669
Boots	1,900	ICI	1,400	Sainsbury	1,200
Brit. Airways	5,350	Jaguar	2,800	Scott & Newcastle	1,000
Brit. Aero	3,000	Ladbroke	2,700	Sears	3,700
Brit. & Comm.	1,200	Land Securities	2,900	Sedgwick	1,700
British Gas	11,000	Laporte	164	Shell Trans	2,200
Britoil	105,500	Legal & Gen.	923	Smith & Nephew	296
BP	12,000	Lloyds Bank	1,800	Standard Chart.	475
Brit. Telecom	4,600	LASMO	1,700	Storehouse	1,800
Bunzl	594	Lonrho	574	Sun Alliance	196
Burmah Oil	466	Lucas	491	T & N	236
Burton	7,600	MEPC	1,500	TSB	2,200
Cable & Wire	1,900	Marks & Spencer	3,900	Tarmac	753
Cadbury Schweps	4,300	Maxwell Comms.	1,300	Tesco	3,600
Coats Viyella	662	Metal Box	4,300	Thorn EMI	799
Comm. Union	1,800	Midland Bank	3,600	Trafalgar House	1,200
Cons. Gold	355	NatWest Bank	1,200	T'house Forte	2,800
Cookson	5,500	Next	1,300	Ultramar	2,000
Courtaulds	710	Northern Foods	644	Unilever	2,200
Dalgety	400	Pearson	883	United Biscuits	1,800
Dee Corpn	6,200	Pearl Assurance	814	Wellcome	2,300
Dixons Group	864	P & O	1,900	Whitbread A	823
English China Clays	1,500	Pilkington Bros	5,600	Woolworth	1,300
		Plessey	5,400		

David Lane on prospects for change in established tradition at Banco Espanol de Credito

Spanish bankers dance to Mr Conde's tune

TELEVISION SCRIPTWRITERS have all the elements for a series *on the romance of high finance* in the elevation of Mr Mario Conde to the chairmanship of Banco Espanol de Credito (Banesto).

Mr Conde is a self-made millionaire who in less than two months has successfully stormed the conservative citadel of Spanish banking. Aged 39, he looks like a young Marlon Brando and he likes dancing *sevillanas* until the early hours in a Madrid fla*menco night-club he part owns.*

Serious students of the Spanish economy can see a fascinating case study developing of the modernisation of the domestic banking sector. Mr Conde has become chairman of Banesto because a bold attempt to rationalise the sector failed and yet, paradoxically, he could be the key player in the long overdue overhaul of Spain's financial institutions.

Two weeks ago the Madrid Stock Exchange delivered a blow to modernisation by blocking a bid by Banco de Bilbao to take over Banesto. In the midst of the merger contest, a startled Banesto board turned to Mr Conde to resist the challenge When the battle was over, Mr Conde took over as a matter of course, much as *if he had been* named caesar by a confused and antique senate that was still gasping to catch its breath.

But Mr Conde is more than just a victorious general. He and his close associate Mr Juan Abello embarked on a stock market buying spree in the summer and acquired some 8 per cent of Banesto's shares. Their joint holding represents double the total stock owned by the bank's board.

According to Mr Conde, Bilbao's contested bid merely accelerated his climb to the chairmanship. After joining the Banesto board at the end of October, together with Mr Abello, Mr Conde had given himself a space of "between three and 15 years" *to impose his management style* and become the bank's chairman.

"If Mario Conde revolutionises Banesto, then I'm glad," said Mr Jose Angel Sanchez Asiain, Bilbao chairman, who is acutely aware of the irony of the situation. A longstanding apologist for shaking up Spanish banking, the respected and academically-minded Mr Sanchez Asiain breached Banesto's wall of complacency, but in so doing merely laid down a welcoming carpet for a younger rival's takeover.

Mr Conde's meteoric accession to the Banesto chairmanship is in itself revolutionary. More of an institution than a bank, the *only outsiders* Banesto has previously tolerated on the board have been former Franco minis*ters. The control of the bank has* hitherto been the preserve of members of its founding families and even they had to wait for the top job until they were long past normal retirement age.

A byword for continuity and tradition, Banesto has branches in the most out of the way *pueblos* and a stake in a whole range of enterprises and sectors. Bilbao's bid for the bank was breathtaking for the Spanish public, almost as much as it was for the Banesto board because it appeared an impregnable fortress.

But what was really breathtaking was the manner in which Mr Conde was able to burrow his way into the citadel through buying shares on the open market. The dominance of Banesto's dynastic families and the solidity of the bank's defences were shown to be entirely illusory.

This week's board meeting was a powerful cameo of an end of an era. Outgoing chairman, Mr Pablo Garnica, 78, handed over control to a man he had only become acquainted with in the last couple of months and who is exactly half his age. Mr Garnica is the son of a Banesto chairman and Mr Conde is the son of a customs officer who studied at university, thanks to scholarships.

Mr Conde owes his fortune to his business expertise and to his association with Mr Abello. On graduating, the new Banesto chairman took the highly competitive exams to join the prestigious civil service lawyers corps, the *abogados de estado* (he was ranked first among the entrants), and he later moved into the private sector through the encouragement of Mr Abello, who had inherited a pharmaceutical business.

In close partnership, Mr Conde and Mr Abello resurrected the family firm, took a commanding hold over the domestic pharmaceutical business through a company called Antibioticos, and finally sold out earlier this year to Italy's Montedison group for a total of Pta58bn ($525m), 3 per cent of Montedison's stock, and a place on the Italian company's board for Mr Conde. The profits of the Antibioticos sellout were *channelled into Banesto shares.*

Mr Conde's immediate ambition in Banesto is to separate the banking and industrial divisions of the group. He initially wants to create a "sub-holding" for the bank's business interests to tighten up and unify management criteria. He then wants to apply the experience he built up in the pharmaceutical sector to rationalise a business empire which extends to the construction, insurance and petrochemical sectors.

He views the present mix of banking and business as "sleep inducing." The bank does not have to work for excellence because it has its ready-made clients, nor do the companies, but they do have to prove themselves when they have their own home bank.

On the banking side he believes that Banesto has much catching up to do and is anxious to examine ventures such as creating a merchant banking arm for the group. He is not at all averse to Mr Sanchez Asiain's doctrine of mergers in order to withstand competition from the EEC, but he profoundly believes that banks should not be acquired through hostile bids.

Mario Conde: meteoric accession

Spain's banking and business world believes that Mr Conde will for a considerable time have to forget about dancing *sevillanas* since he will have his work cut out to put his ideas into operation and overhaul Banesto.

Television scriptwriters of a Conde saga need not worry, however, for the new Banesto chairman says he will keep up his lifestyle. This includes dressing up in an Andalusian cowboy outfit once a year and spending a week horse-riding and drinking at the Virgin of the Rocio fiesta, the biggest flamenco blowout in Spain.

MANAGEMENT LOOKS FOR FUNDS

BANESTO shareholders, summoned to a meeting on January 7 to endorse sweeping board changes, will be asked to authorise share issues over the next five years amounting to half the bank's current Pta36bn ($327m) equity capital.

This appears to be aimed at giving the new management under Mr Mario Conde a free hand in future acquisitions, following the bank's narrow escape from being a takeover target itself. Prior authorisation would avoid the trap that Banco de Bilbao encountered in its recent hostile bid for Banesto. Bilbao's shares-and-cash bid was turned down by stock market authorities because it involved new shares yet to be approved by Bilbao shareholders.

Banesto is also seeking auhtorisation for bond issues, including convertible bonds, up to Pta120bn.

Higher oil prices boost BHP result

BY CHRIS SHERWELL IN SYDNEY

HIGHER OIL output and prices *have fuelled* a healthy 20.8 per cent gain in profit by Broken Hill Proprietary (BHP), Australia's largest company, for the six months to November.

The steel, resources and petroleum group has lifted net earnings to A$493.5m, compared with A$408.6m in the same period last year. Revenues rose 7.5 per cent to A$5.08bn.

The group said the sharp fall in world sharemarkets in October did not affect operating results and might create "new business opportunities."

But of its own circumstances – in which 28 per cent of its equity is controlled by Mr Robert Holmes a Court's Bell Resources *and another 18 per cent* by Elders IXL, the brewing and agribusiness group – BHP said nothing.

Since the sharemarket plunge, speculation has intensified that the complexities of this triangu*lar relationship might* be unravelled through a bold move by any one of the parties involved. None has yet come.

Yesterday's figures showed that the group's petroleum activities produced a profit of A$207m, *a sharp rise* on the previous figure of just A$86m.

The increase was attributed to stronger crude oil prices, substantially increased exports and higher sales in the Australian market.

The minerals operations improved less markedly, lifting profits to A$176m from A$159m, while the steel business lost ground, *with its contribution* falling to A$100m from A$121m.

BHP said better mineral results were due to higher prices and increased volumes, and covered gold, copper, aluminium, manganese and ferro-alloys. Coal and iron ore continued to suffer from weak US dollar prices and a strong Australian currency.

The 17 per cent decline in steel profits was blamed on the commissioning of new plant and a *blast furnace relining. But the* company said there were now opportunities for increased productivity and lower costs.

A further A$10m in profit came from other businesses, company investments and treasury operations.

Earnings per share increased to 30.6 Australian cents compared with 25.4 cents, adjusted *for a bonus issue.* The November dividend of 15 cents a share was fully franked and represented the *sixth* successive increase in the November rate.

Olympus net earnings show sharp 70% dive

BY OUR FINANCIAL STAFF

OLYMPUS OPTICAL, the big Japanese optical instrument manufacturer best known for its *range of cameras, yesterday* reported unconsolidated net earnings of Y3.01bn ($23.9m) for the year ended October 1987, a drop of more than 70 per cent.

Olympus said the earnings setback resulted from unusually *large year-earlier net income,* which was swollen by sales of fixed assets. Sales, which improved to Y120,890bn to Y122,491bn, reflected efforts to widen margins through the introduction of new and more advanced products.

The company plans to main*tain its dividend at* Y13 a share. Earnings per share for the year totalled Y15.6, against Y55.8.

Sales of cameras totalled Y32,664bn, down almost 8 per cent.

Olympus plans to change its fiscal year. It expects sales to total Y50,000bn in the current irregular five-month period ending March, 1988. Net earnings for the period are forecast at Y1.3bn.

North Broken Hill bids A$1bn for Peko

BY OUR SYDNEY CORRESPONDENT

TWO OF Australia's best-known resource companies, North Broken Hill and Peko-Wallsend, are to merge in a A$1bn deal which will create a formidable mining and industrial group.

The new entity, to be called North Broken Hill Peko, will be one of Australia's 15 largest companies and will have wide-ranging mineral interests embracing zinc, lead, copper, gold, silver, coal, iron ore, mineral sands, oil and uranium.

It will also have large forestry operations, pulp and paper plants, zinc smelters, scrap metal processing, industrial pump manufacturing and materials handling industries.

In a statement yesterday ending days of argument and speculation, the companies said North Broken Hill would offer two shares plus A$2.50 in cash for every Peko share. Peko directors will recommend that shareholders accept.

At North's recent share price of A$2.75, its bid values Peko's 87m shares at A$8 each. North will also offer A$3.75 for Peko's 84m options subject to 70 per cent acceptance.

The terms effectively value Peko at A$1bn, and overtake those announced by North earlier this week when it offered two shares plus A$1 in cash for each Peko share.

That announcement was a pre-emptive move prompted by Peko purchases of North shares last week. Peko's action was apparently aimed at hastening the merger negotiations, and its stake in North has now risen above 13 per cent.

The success or otherwise of the merger appears to hinge in part on the reaction of Mr Ron Brierley's Industrial Equity Ltd, which holds a substantial proportion of the outstanding Peko options and a direct stake in the company. A key shareholder in North is NZ Forest Products, with 15 per cent.

Analysts said the merger announcement foreshadows the creation of a major company committed to resources and capable of embarking on even bigger things. *The most likely* target for future action would be the Broken Hill mines operated jointly by North and CRA.

● **Western Mining Corporation** of Australia intends to make an offer for the class A shares and warrants of Seabright Resources of Canada. The deal, valued at C$92m ($70.7m), is conditional on acceptance by the holders of not less than 67 per cent.

Western Mining said its unit, WMC Canada, holds about 6 per *cent of Seabrights's outstanding* class A shares, and had entered into agreements to acquire a further 17 per cent.

The acquisition of Seabright would provide the necessary flexibility to facilitate the *orderly development and expan*sion of Seabright's properties, Western Mining said.

Sanofi says no earnings dilution in Robins offer

BY GEORGE GRAHAM IN PARIS

SANOFI, the French pharmaceuticals company controlled by oil producer Elf-Aquitaine, yesterday confirmed plans to submit an offer to take A.H.Robins, the US chemicals group out of bankruptcy, countering a bid by the Rorer group.

Mr Rene Sautier, Sanofi's chairman, said that his company was now working on a plan to be submitted to the judge handling Robins by December 28. He said the judge had agreed to look at a *Sanofi plan alongside* that of Rorer.

Mr Sautier said that the plan would involve Sanofi eventually taking control of the troubled US company, which has been hit by lawsuits over its Dalkon Shield *contraceptive device.*

He said the offer would involve no dilution of Sanofi's earnings per share, which are expected to rise by 10 per cent this year from FFr39.73 in 1986, following its rights issue this summer.

Mr Sautier emphasised that the FFr2.5bn trust fund to be set up to meet the Dalkon Shield claims would be supplied by Robins, although Sanofi could assist with the financial guarantees.

Sanofi's total operating profits are expected to show a 20 per cent increase from last year's FFr495m ($90m), with additional exceptional profits coming from the FFr1bn sale of its 33 per cent stake in the French subsidiaries of American Home Products.

The Elf-Aquitaine subsidiary has been looking for some years for an acquisition in the US *pharmaceuticals sector, where it* is present only through licensing agreements for its Tranxene tranquilliser and Depakine epilepsy drug with Abbott laboratories.

Canadian Occidental eyes Texaco offshoot

BY OUR TORONTO CORRESPONDENT

CANADIAN OCCIDENTAL Petroleum, 48 per cent-owned by Occidental Petroleum of Los Angeles, says it is "definitely interested" in acquiring all or part of Texaco Canada, the subsidiary of the crippled US oil group, whose creditors are trying to force the sale of assets to finance a settlement of the its four-year dispute with Pennzoil.

The move follows Husky Oil's announcement earlier in the week that it had expressed interest in an all-cash purchase of a 78 per cent stake in Canada's fourth largest oil company.

The company did not disclose how much it would be prepared to pay for Texaco Canada, owned 78 per cent by its US parent.

By the close of trade on Thursday, Texaco Canada shares had climbed C$4⅛ in three days to C$30⅝. This values Texaco's holding at close to C$2.9bn (US$2.2bn).

Canada gives go-ahead to foreign brokers

BY DAVID OWEN IN TORONTO

CANADIAN FEDERAL authorities have approved applications from seven foreign securities firms, including Yamaichi Securities, Morgan Stanley and First Boston, to set up permanent operations in Ontario.

The move brings to ten the number of foreign entrants allowed to set up shop in the province since the first stage of Canada's financial services industry deregulation on June 30. The other four firms to receive the green light this week were Discount Corp of New York, Fidelity Investments, Sanyo Securities and Deak Morgan of Australia.

Ottawa is widely perceived to have been dragging its heels on approving applications from foreign concerns to operate in Ontario in a bid to win reciprocal treatment for the units of Canadian financial companies in the US and Japan. In the meantime, many have been operating under interim licences issued by the Ontario Securities Commission which expire on January 31.

The seven firms admitted this week were told that they do not require federal approval because they are not considered to be foreign banks.

In the first month of deregulation, securities registrations were granted to Goldman Sachs, S.G.Warburg and Mirabaud Cie of France.

Fokker forecasts Fl 14m deficit

BY OUR FINANCIAL STAFF

FOKKER, the troubled Dutch aircraft manufacturer in which the state has recently taken a 49 per cent stake, said yesterday that it expected an operating loss of Fl 14m ($7.78m) for 1987.

The company declined to detail the expected net loss for 1987, but said more information might be available at next Tuesday's extraordinary shareholders' meeting, called to vote on a Fl 527m rescue package.

For the first half of 1987 Fokker ran up a net loss of Fl 3.4m. At the time it forecast that its net deficit for the year as a whole would be modest.

WORLD COMMODITIES PRICES

LONDON MARKETS

LONDON METAL Exchange copper prices yesterday built on Thursday's upturn to reach record levels in sterling terms. The cash grade A position advanced £60 to £1,617.50 a tonne, taking the rise on the week to £97.50 a tonne and widening the premium over three months metal from £226.75 at Thursday's close to £256.50. The market's recent strength has been attributed to concern about the availability of supplies, as was highlighted this week by news that Noranda of Canada was rationing shipments. Nickel prices also surged, with the cash position closing at £4,470 a tonne, up £325 on the day and £571 on the week. Dealers said the pound's weakness added to strenghth based on a bullish broker's report and news that Falconbridge will suspend ferro-nickel shipments from the Dominican Republic because of high export duties.

SPOT MARKETS

Crude oil (per barrel FOB January)		+ or -
Dubai	$14.20-14.30	+0.30
Brent Blend	$16.25-16.35	+0.57
W.T.I.(1 pm est)	$16.10-16.15	+0.57
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$168-169	-1
Gas Oil	$151-155	+11
Heavy Fuel Oil	$69-70	+5
Naphtha	$133-136	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$480.25	+1.50
Silver (per troy oz)♣	677c	+7
Platinum (per troy oz)	$493.00	+4.00
Palladium (per troy oz)	$119.00	+1.25
Aluminium (free market)	$1940	+70
Copper (US Producer)	134-142c	+0.387
Lead (US Producer)	42c	
Nickel (free market)	350c	+8
Tin (European free market)	£3815	+15
Tin (Kuala Lumpur market)	17.02r	+0.02
Tin (New York)	*319.50c*	
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	103.44p	-5.22*
Sheep (dead weight)†	197.49p	-12.50*
Pigs (live weight)†	74.94p	+1.94*
London daily sugar (raw)	$226.00v	+10.80
London daily sugar (white)	*$230.00v*	*+8.60*
Tate and Lyle export price	£230.00	+7.00
Barley (English feed)	£113.50z	
Maize (US No. 3 yellow)	£135.50	+1.00
Wheat (US Dark Northern)	£93.50u	
Rubber (spot)♥	62.75p	+0.75
Rubber (Jan) ♥	65.25p	+0.75
Rubber (Feb) ♥	65.00p	+0.50
Rubber (KL RSS No 1 Jan)	274.00m	+0.50
Coconut oil (Philippines)§	$550.00w	+20.00
Palm Oil (Malaysian)§	$435.00	+5.00
Copra (Philippines)§	$370.00z	
Soyabeans (US)	£156.00w	+5.00
Cotton "A" index	75.95c	+1.40
Wooltops (64s Super)	*484p*	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Dec/Jan. v-Jan/Feb. z-Jan. y-Feb/Mar. u-Apr/May † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low	
Dec	1036	1024	1040	1032
Mar	1063	1053	1070	1052
May	1080	1073	1081	1073
Jly	1100	1092	1111	1093
Sep	1119	1112	1130	1116
Dec	1144	1137	1154	1139
Mar	1169	1162	1171	1164

Turnover: 3690 (2058) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for December 17: 1353.05 (1356.95) .10 day average for December 18: 1365.38(1371.28).

COFFEE £/tonne

	Close	Previous	High/Low	
Jan	1213	1212	1212	1206
Mar	1241	1237	1241	1232
May	1258	1255	1260	1252
Jly	1277	1272	1277	1269
Sep	1293	1290	1293	1285
Nov	1310	1302	1310	1302
Jan	1328	1320		

Turnover: 4138 (3747) lots of 5 tonnes
ICO indicator prices (US cents per pound) for December 17: Comp. daily 1979115.34 (114.94); 15 day average 115.33 (115.41).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Mar	199.40	198.00	200.20	195.60
May	198.40	196.60	199.40	195.60
Aug	198.20	196.00	199.20	195.80
Oct	199.40	197.40	199.60	195.80
Dec	190.80	198.60		
Mar	204.00	202.00	201.00	198.00
May	195.00	203.60		
White	**Close**	**Previous**	**High/Low**	
Mar	234.00	231.50	236.00	230.00
May	238.00	235.30	238.00	234.50
Aug	243.00	239.00	241.00	236.20
Oct	242.00	239.00	242.00	236.50
Dec	243.00	240.00	242.00	
Mar	246.00	245.00		
May	250.00	250.00		

Turnover: Raw 6116 (1996) lots of 50 tonnes; White 3747 (2276).
Paris- White (FFr per tonne): Mar 1274, May 1295, Aug 1320, Oct 11318 Dec 1325, Mar 1360.

GAS OIL $/tonne

	Close	Previous	High/Low	
Jan	143.50	140.00	148.00	143.00
Feb	140.00	136.25	142.75	139.25
Mar	138.75	132.50	138.00	136.00
Apr	135.75	130.25	136.50	134.50
May	133.00	130.50	135.50	133.00
Jun	134.50	131.00	136.50	134.50

Turnover: 7677(16264) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jan	114.00	114.45	114.45	113.90
Mar	115.10	115.45	115.55	115.00
May	117.15	117.75	117.70	117.15
Jly	120.05	120.40	120.10	119.90
Sep	103.40	103.40	103.40	
Nov	105.55	105.50	105.55	
Jan	108.45	108.40	108.45	
Barley	**Close**	**Previous**	**High/Low**	
Jan	107.00	107.50	107.50	107.00
Mar	108.80	109.35	109.35	108.80
May	110.50	110.90	111.00	110.50
Sep	97.85	97.85	97.85	
Nov	100.35	100.25	100.35	
Jan	102.50	102.50	102.50	

Turnover: Wheat 294 (427) , Barley 40 (27) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 10,500 tonne
Cash	2010-30	1920-40		2010-30		
3 months	1880-90	1840-60		1870-90		2,767 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 25,100 tonne
Cash	1093-8	1055-60	1090	1085-90		
3 months	1010-11	990-2	1014/1000	1006-8	1012-13	52,515 lots
Copper, Grade A (£ per tonne)						Ring turnover 41,100 tonne
Cash	1615-20	1555-60	1610/1620	1615-20		
3 months	1360-2	1330.5-1	1365/1357	1363-5	13667	78,754 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1530-50	1510-20		1530-50		
3 months	1330-40	1300-10		1335-45		46 lots
Silver (US cents/fine ounce)						Ring turnover 40,000 ozs
Cash	673-6	670-3		677-8		
3 months	686-9	683-6		691-2	695-700	627 lots
Lead (£ per tonne)						Ring turnover 7,375 tonne
Cash	359-60	354-5	360	359-60		
3 months	345-7	343-4	348/345	345-5.5	347.5-8	12,127 lots
Nickel (£ per tonne)						Ring turnover 2,214 tonne
Cash	4460-80	4140-50	4400	4390-4400		
3 months	4360-5	4065-75	4365/4260	4290-5	4350-60	9,447 lots
Zinc (£ per tonne)						Ring turnover 6,250 tonne
Cash	469-70	462-3	465	464-5		
3 months	470-1	464-5	471/467	465-6	470-1	13,068 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	102.50	100.00		
Mar	87.00	87.00		
Apr	145.80	144.60	145.90	145.80
May	158.90	157.80	159.00	
Nov	85.50	86.50	85.00	
Feb	97.50	97.50		

Turnover: 102 (46) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Feb	137.50	137.00	37.00	
Apr	131.00	129.50	130.50	129.50
Jun	122.00	120.50		
Aug	118.50	118.00		
Oct	118.50	118.00		
Dec	121.00	121.00		

Turnover: 63 (120) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low	
Jan	1259.5	1245.0	1268.0	1248.0
Apr	1280.0	1265.0	1288.0	1275.0
Jly	1140.0	1118.0	1140.0	1130.0
Oct	1242.5	1227.5	1242.5	1240.0
BFI	1259.5	1264.5	1259.5	

Turnover: 207 (338)

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	480-480½	263-263½
Opening	482¾-483¼	263-263½
Morning fix	484½	264
Afternoon fix	481	262¼
Day's high	484½-485	
Day's low	478¾-478¾	
Coins	**$ price**	**£ equivalent**
US Eagle	494½-499¼	270¾-273¼
Mapleleaf	494½-499¼	270¾-273¾
Britannia	494½-499¼	270¾-273¾
Krugerrand	478¾-481¾	262½-264½
1/2 Krug	251-260	137½-142½
1/4 Krug	125-133	68½-72¾
Angel	493-498	270-272¾
1/10 Angel	50-55	27½-30
New Sov.	113-114	62-62¾
Old Sov.	113-114½	62-63
Noble Plat	507-517	276-281

Silver fix	p/fine oz	US cts equiv
Spot	370.05	679.40
3 months	378.40	693.30
6 months	385.95	707.00
12 months	405.10	735.70

SPICES
The pepper market was very quiet but the undertone was steady, reports Man Producten *from Rotterdam.* Nutmeg and mace prices for spot Europe and afloat were under pressure. Ginger, cassia and cloves were unchanged from last week. Pimento was steady due to heavy commitments by Mexico. Pepper: Indonesian white spot Europe $6300, afloat $6200, Dec/Jan shipment $6050; Brazil black afloat $4800, Dec/Jan shipment $4700; Sarawak black afloat $4750, Dec/Jan shipment $4700.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1850		95		
1950	49			
Copper (Grade A)	**Calls**		**Puts**	
Strike price $ tonne	Jan	Mar	Jan	Mar
2500		269		
2750	143			
Copper (Grade A)	**Calls**		**Puts**	
Strike price £ tonne	Jan	Mar	Jan	Mar
1500			51	

US MARKETS

CRUDE OIL staged a modest recovery mainly on short-covering in a market dominated by local activity and pre-weekend position-squaring, reports Drexel Burnham Lambert. The trade was a noted seller of the January/February switch. *The precious metals were under* pressure until recovering towards the close on trade and overseas buying. Copper rallied on local buying and commission house stops. Cotton eased on trade and commission house selling. Coffee eased on trade and origin selling in the face of speculative buying. Cocoa firmed initially on reports of a lower-than-expected Ghana purchase figure, but fell on profit-taking and pre-weekend squaring. Sugar closed on a strong note on trade buying in light volume. Wheat gained support from reports that the Soviet Union would buy inferior quality spring wheat. Soyabeans derived support from further adjustments by the USDA in its policy. Weak cash premiums eased soyameal while oil firmed in anticipation of possible export business,

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	479.8	485.1	484.5	479.0
Jan	480.7	485.4	0	0
Feb	484.0	489.7	488.8	482.1
Apr	489.9	495.8	495.0	488.2
Jun	495.8	501.9	501.0	495.5
Aug	501.9	508.2	0	0
Oct	508.3	514.8	0	0
Dec	514.7	521.4	521.4	514.5
Feb	521.3	528.2	523.0	522.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Dec	500.3	496.7	0	0
Jan	501.3	497.8	505.0	492.0
Apr	509.3	505.8	511.0	500.0
Jul	517.3	513.8	518.0	510.5
Oct	525.3	521.8	524.5	519.0
Jan	533.3	529.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	676.7	680.0	683.0	674.0
Jan	677.5	681.0	674.0	674.0
Feb	682.5	686.0	0	0
Mar	688.0	691.5	698.2	681.5
May	697.9	701.4	704.0	691.0
Jul	707.8	711.5	716.0	703.5
Sep	717.8	721.3	720.0	715.0
Dec	732.4	736.1	738.0	729.0
Jan	737.2	740.9	0	0
Mar	747.9	751.6	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	127.80	124.70	130.00	123.00
Jan	125.40	122.20	123.10	122.80
Feb	119.60	118.70	0	0
Mar	113.80	111.20	113.90	110.90
May	102.20	101.20	102.60	100.80
Jul	93.80	93.20	94.50	92.80
Sep	91.00	90.40	91.50	90.00
Dec	89.30	88.70	90.00	89.10
Jan	89.10	88.50	0	0
Mar	88.60	88.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jan	16.00	15.84	16.15	15.88
Feb	15.75	15.71	16.00	15.67
Mar	15.59	15.59	15.87	15.53
Apr	15.54	15.55	15.80	15.50
May	15.50	15.53	15.75	15.50
Jun	15.50	15.52	15.75	15.50
Jul	15.50	15.52	15.80	15.50
Aug	15.58	15.52	15.75	15.58
Sep	15.60	15.52	15.75	15.60
Oct	15.65	15.52	15.75	15.60

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Jan	49.60	49.61	50.20	49.40
Feb	48.05	47.98	48.40	47.65
Mar	45.45	45.45	45.95	45.10
Apr	43.50	43.50	43.90	43.25
May	42.35	42.47	43.10	42.30
Jun	41.90	41.77	42.25	41.80
Jul	41.90	41.77	42.25	41.60
Aug	43.00	42.27	43.00	42.55
Sep	43.90	42.97	43.90	43.90
Oct	44.10	43.67	44.10	44.10

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1791	1784	1800	1778
May	1812	1811	1827	1807
Jul	1845	1838	1850	1835
Sep	1871	1863	1880	1867
Dec	1908	1903	1920	1911
Mar	1946	1934	1955	1935
May	1971	1959	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	126.21	125.40	126.55	125.10
Mar	129.48	129.50	129.89	128.80
May	131.38	131.50	132.10	131.00
Jul	133.73	133.30	133.90	133.00
Sep	135.68	135.83	135.75	135.10
Dec	136.80	136.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	8.45	8.35	8.35	8.35
Mar	8.84	8.79	8.85	8.68
May	8.81	8.79	8.82	8.66
Jul	8.80	8.75	8.80	8.65
Oct	8.85	8.75	8.87	8.68
Jan	8.96	8.81	0	0
Mar	9.07	8.95	9.07	8.92

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	67.01	67.70	68.30	66.35
May	67.92	68.68	69.20	67.25
Jul	68.30	68.90	69.30	67.70
Oct	64.95	65.20	65.50	64.90
Dec	64.05	64.10	64.75	63.90
Mar	65.25	65.25	65.05	65.05
May	65.70	65.45	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	168.90	164.25	168.50	164.25
Mar	167.15	164.90	168.50	164.50
May	167.00	165.30	168.00	164.90
Jul	167.05	165.00	167.00	165.25
Sep	168.50	164.75	165.25	164.75
Nov	162.25	161.90	0	0
Jan	158.50	157.00	0	0
Mar	158.50	157.00	0	0
May	158.50	157.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 17	Dec 16	mnth ago	yr ago
1700.2	1697.6	1691.7	1641.0

DOW JONES (Base: December 31 1974 = 100)

Spot	132.69	132.23	128.61	115.98
Futures	135.44	133.79	131.60	115.31

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	592/4	589/2	594/0	587/0
Mar	603/0	599/4	604/4	597/0
May	610/2	605/4	611/4	604/0
Jul	614/6	610/6	616/0	608/4
Aug	611/4	606/0	612/0	607/0
Sep	594/0	587/4	596/4	591/0
Nov	590/6	584/2	593/0	585/0
Jan	598/0	592/4	600/0	594/0
Mar	606/0	600/4	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.82	19.36	19.82	19.40
Jan	19.79	19.36	19.84	19.30
Mar	20.19	19.74	20.20	19.71
May	20.48	20.03	20.50	20.01
Jul	20.70	20.23	20.75	20.20
Aug	20.72	20.25	20.75	20.38
Sep	20.75	20.20	20.80	20.30
Oct	20.70	20.20	20.75	20.45
Dec	20.92	20.30	20.95	20.40

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	203.6	202.7	206.0	201.5
Jan	194.3	194.8	196.5	192.8
Mar	187.2	187.7	188.5	185.8
May	181.6	182.2	183.0	180.5
Jul	179.0	180.2	180.5	178.5
Aug	178.2	178.5	179.0	178.0
Sep	177.5	179.0	178.5	177.0
Oct	176.5	177.4	178.0	176.0
Dec	176.2	176.2	178.0	176.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	180/0	181/6	182/6	178/6
Mar	186/0	187/4	188/2	185/4
May	191/6	193/0	193/6	191/2
Jul	196/4	197/2	198/0	195/6
Sep	197/4	198/2	198/2	196/4
Dec	195/6	195/6	197/0	194/6
Mar	201/6	202/0	203/6	201/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	312/0	302/0	312/0	309/4
Mar	321/0	313/6	322/0	312/6
May	313/4	308/6	313/6	307/4
Jul	300/6	296/4	301/4	295/4
Sep	303/0	300/0	303/0	299/0
Dec	312/0	308/0	312/0	307/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	66.40	66.10	66.70	65.95
Feb	62.17	63.07	63.05	62.12
Apr	64.10	64.77	64.85	64.00
Jun	64.17	64.62	64.82	64.10
Aug	61.77	61.90	62.30	61.65
Oct	60.95	61.22	61.60	60.90
Dec	62.75	63.00	62.75	62.75

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	44.02	43.30	44.05	42.80
Feb	42.00	41.80	42.65	41.15
Apr	38.90	38.87	39.47	38.50
Jun	42.06	41.75	42.20	41.40
Jul	42.60	42.40	42.75	42.20
Aug	41.50	41.35	41.85	41.10
Oct	38.80	38.42	38.70	38.30
Dec	39.25	39.40	39.37	39.25

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	51.12	51.90	52.65	51.00
Mar	51.25	51.75	52.55	51.15
May	52.62	53.05	53.40	52.40
Jul	52.87	53.50	53.80	52.75

WORLD STOCK MARKETS

WALL STREET

Blue chips climb after dollar gain

BLUE CHIPS continued to climb following gains in the dollar and Treasury coupon prices.

The market was also said to have benefited from a statement by Mr Alan Greenspan, the Federal Reserve Chairman, who said that the huge October US trade deficit was an aberration.

The Dow 30 index was ahead 35 points at 1,959, having sunk 50 on Thursday. Gaining issues led those declining by two to one.

Fieldcrest Cannon fell $1⅛ to $13¾. The company said it expected to report a substantial loss from operations for the fourth quarter and a loss from operations for the full year.

CANADA

Toronto stocks were higher at mid-day in mixed trading as gains by energy issues, mines and industrials outweighed declines by golds.

The composite index rose 29.90 to 3,143.10 as declines outpaced advances by 331 to 289 on moderately active turnover of 15.2m shares.

Royal Trust class A topped the list of most actives, rising C$½ to C$13½. Among other actives, National Bank of Canada advanced C$¼ to C$11⅜, Nova Corp gained C$¼ to C$10 and Royex Gold slipped C$⅛ to C$5⅞.

TOKYO

Fresh incentives emerged to help share prices out of the listless trade that had produced early lows.

The Nikkei average lost 72.86 points, or 0.32 per cent, to 22,826.97. Earlier it fell to 22,739.40. The index gained 80.41 on Thursday.

Declines led advances two to one in turnover of 550m shares against 500m on Thursday. News from Washington that congressional panels had reached a tentative agreement on a $23bn package of tax increases over two years encouraged investors.

Market sentiment was boosted by the possibility of less volatile currency movements resulting from the agreements.

Wall Street's heavy loss on Thursday and doubts concerning the dollar were said to have caused the earlier fall.

Nippon Telegraph and Telephone remained unchanged at Y2.27m, which was perceived as a good sign of overall market health.

Securities house, pharmaceutical, real estate, bank and gas issues led the decline. Drug shares fell on profit-taking. Declines in property values and concern about government policy aimed at reducing land prices pulled real estates down.

Pulp and paper shares advanced as a safe bet, followed by slight gains in the auto, communications and insurance sectors.

Brokers said a combination of dollar instability, the forthcoming holiday and yesterday's "triple witching hour" on Wall Street inhibited trade.

Closing prices for North America were not available for this edition.

AUSTRALIA

The Australian share market closed weaker and near the day's lows, due mainly to falls in the gold and oil sectors following declines in bullion and crude oil prices.

Industrial stocks were mixed but easier on balance as investors took profits in the transport, insurance and property sectors following gains over the last few days.

Local sentiment was dampened by a 50 point fall in the Dow, however, sparked by concern over the US currency and the approach of "triple witching hour" in New York yesterday.

By the close of trade the all ordinaries index was down 10.9 points at 1,239.7 after a 58.3 point fall in the gold index to 2,071.3.

The all resources index was 12.7 points off at 742.4 and the all industrials index had shed 4.0 points to 1886.4.

National turnover was 83.9m shares worth A$142.3m and falls outnumbered rises two to one.

Bullion was trading at $484.35 an ounce, compared with Thursday's local close of $487.25. Firm base metal prices helped to keep a floor under heavyweight miners.

HONG KONG

Bargain-hunting by local institutions and small investors carried share prices higher at the close.

The Hang Seng index rose 38.23 points to 2,180.46 and the broader-based Hong Kong index gained 25.11 to 1,425.36.

There was moderate demand for blue chips, particularly utilities.

Most foreign fund managers stayed on the sidelines and it was said the index should consolidate at present levels with Christmas and New Year holidays approaching. A slightly more stable dollar also helped market sentiment.

China Gas rose 60 cents to HK$13.40, China Light 40 to HK$16.60 and Hk Electric 20 to HK$7.40. Cheung Kong gained 15 cents to HK$6.35 and its Hutchison affiliate was steady at HK$6.70. New World rose 10 cents to HK$6.85 while Hk Land gained five cents to HK$7.25.

Stock turnover fell to 749.8m from Thursday's 794.9m.

FRANKFURT

German shares closed easier as worries about the dollar re-surfaced in a thin market, but after a weak opening there were few further losses.

No single type of seller dominated and the cause of the selling was said to be the lower dollar, fixed at a record low yesterday of DM1.6218.

In autos, Porsche was particularly hard hit because of its reliance on the US market. Its shares ended at DM410, DM20 below Thursday's close. Daimler closed 10 lower at DM603, VW was 7.50 down at DM227.50 and BMW off six at DM453.

In banks, Deutsche lost six to DM408.50, Commerzbank fell four to DM222.50 and Dresdner shed 4.50 to DM233. Chemicals posted only small losses.

The Commerzbank 60-share index eased to 1,329.3 from 1,348.1 on Thursday.

Insurers were mixed with Allianz edging two higher to DM1,190 but Aachener und Muenchener slipped 10 to DM600.

SINGAPORE

Share prices closed marginally higher for the fifth consecutive day in quiet trading.

Buying interest was centred mainly on selected counters. Trading volume was thin and price changes were small.

The Christmas holiday was said to have kept institutions on the sidelines. The Straits Times industrial index rose to 773.11 points from Thursday's closing of 768.63. The turnover fell to 19m shares from Thursday's 27.7m.

JOHANNESBURG

Gold share prices closed steady at their easier opening levels, reflecting the weaker bullion price but trading was subdued and price falls minimised by a lower financial rand.

Randfontein ended R15 lower at R275 and Loraine 50 cents down at R18.50, while mining financials had Amgold down R7 at R310.

Platinums also eased slightly, Rustenburg slipping 25 cents R30.25 but other minings were steady. In diamonds, De Beers firmed 10 cents at R30.35.

Industrials followed the easier trend, with leader Barlow Rand down 75 cents at R20.25.

AUSTRIA

December 18	Sch %	+ or –
Creditanstalt	2,000	+25
Goesser	2,020	+20
Interunfall	10,400	
Jungbunzlauer	5,890	–310
Laenderbank	380	
Perlmooser	675	
Steyr-Daimler	121	–1
Veitscher Mag	690	+5

INDICES

NEW YORK

CANADA

NEW YORK ACTIVE STOCKS

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar better after record low

THE DOLLAR recovered from record lows after news that G-7 ministers had been in touch, with regard to re-affirming the Louvre accord. This was sufficient to accelerate the dollar short covering process, normally associated with the year end.

However many traders remained unconvinced, pointing out that the key issue remained the reduction of US trade and budget deficits. They added that, suggestions yesterday pointing towards some agreement in implementing a $23bn package of cuts in the budget deficit were, at best, a poor compromise.

Unless the US Federal Reserve was ready to back the White House by intervening heavily to support the dollar in currency markets, then the latest initiative was likely to be treated as just another saga in the war of words.

It was unrealistic to expect any measured response from exchange rates, simply because the low level of volume failed to betray underlying sentiment.

A fall in US personal income in November of 0.4 p.c., coupled with a 0.3 p.c. rise in US consumer prices in November appeared to have little effect on trading.

The dollar closed at DM1.6330 from DM1.6220 and Y127.0 compared with Y126.20. Elsewhere it finished at SFr1.3260 from SFr1.3170 and FFr5.5250 from FFr5.49. On Bank of England figures, the dollar's exchange rate index rose from 93.0 to 93.3.

STERLING-Trading range against the dollar in 1987 is 1.8380 to 1.4710. November average 1.7770. Exchange rate index 75.5 against 75.6 at the opening and on Thursday. The six months ago figure was 72.7.

The pound lost ground to the dollar but was higher against European currencies. Volume remained extremely thin and many traders were uncertain *about how the pound would perform* after the year end. Sterling's strength on the one hand, added pressure for lower rates, while continued economic expansion suggested that rates could be increased.

The pound fell to $1.8260 from $1.8355 but was higher against the D-Mark at DM2.9825 from DM2.9775 and Y232.0 compared with Y231.50. Elsewhere it finished at SFr2.4225 from SFr2.4175 and FFr10.0875 compared with FFr10.0775.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6310. November average 1.6809. Exchange rate index 151.4against 146.6 six months ago.

There was no intervention by the Bundesbank at the fixing when the dollar was quoted at DM1.6218, its worst fixing level ever, and down from DM1.6237 on Thursday.

However the dollar recovered on rumours of conversation between G-7 ministers about renewing the pledges made earlier this year. The short term *effects appeared to be important*, giving markets a confidence boost. However it did nothing to dispel the gloomy underlying sentiment.

£ IN NEW YORK

Dec 18	Latest	Previous Close
£ Spot	1.8350-1.8360	1.8350-1.8355
1 month	0.03-par	0.07-0.06pm
3 months	0.28-0.24pm	0.38-0.35pm
12 months	1.18-1.08pm	2.08-1.98pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec 18	Previous
8.30 am	75.6	75.8
9.00 am	75.6	75.8
10.00 am	75.6	75.8
11.00 am	75.6	75.8
Noon	76.6	75.8
1.00 pm	75.7	75.7
2.00 pm	75.6	75.7
3.00 pm	75.5	75.6
4.00 pm	75.5	75.6

CURRENCY RATES

Dec 18	Bank rate %	Special Drawing * Rights	European Currency Unit
Sterling	-	0.756177	0.692454
U.S Dollar	6½	1.39061	1.27065
Canadian $	8.75	1.81572	1.66036
Austrian Sch.	3	15.8961	14.5312
Belgian Franc	7	47.2738	43.1926
Danish Krone	7½	8.70939	7.95047
Deutsche Mark	2½	2.25793	2.06417
Neth.Guilder	3¾	2.54273	2.32275
French Franc	9½	7.64696	6.98096
Italian Lira	12½	1663.17	1520.34
Japanese Yen	2½	175.773	160.865
Norway Krone	8	8.84289	8.08452
Spanish Peseta	-	153.205	140.216
Swedish Krona	7½	8.21572	7.51718
Swiss Franc	2½	1.83421	1.67599
Greek Drach.	20½	179.437	163.533
Irish Punt	-	0.84954	0.776587

*SDR Rates are for Dec 16.

CURRENCY MOVEMENTS

Dec 18	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.5	-18.2
U.S Dollar	93.3	-12.7
Canadian Dollar	76.6	-10.6
Austrian Schilling	142.6	+10.8
Belgian Franc	101.5	-4.3
Danish Krone	94.6	+3.0
Deutsche Mark	151.4	+23.6
Swiss Franc	182.7	+27.1
Guilder	139.5	+16.0
French Franc	72.8	-13.8
Lira	47.7	-18.5
Yen	240.1	+79.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

OTHER CURRENCIES

Dec.18	£	$
Argentina	8.0935-8.1895	4.4300-4.4800
Australia	2.5625-2.5665	1.4010-1.4020
Brazil	124.00-124.70	67.875-68.215
Finland	7.3380-7.3510	4.0340-4.0360
Greece	234.10-238.20	127.50-129.65
Hong Kong	14.2850-14.2255	7.7770-7.7820
Iran	121.50*	66.00*
Korea(Sth)	1455.70-1468.85	791.10-7987.305
Kuwait	0.49850-0.49900	0.27290-0.27300
Luxembourg	62.20-62.30	34.05-34.15
Malaysia	4.5490-4.4560	2.4900-2.4950
Mexico	4129.25-4222.70	2260.00-2310.00
N. Zealand	2.8235-2.8285	1.5435-1.1.5455
Saudi Ar.	6.8480-6.8540	3.7495-3.7505
Singapore	3.6570-3.6660	2.0020-2.0050
S. Af (Cm)	3.5450-3.5610	1.9345-1.9380
S. Af (Fn)	5.6685-5.8495	3.1010-3.2000
Taiwan	52.50-52.80	28.55-28.65
U.A.E.	6.7075-6.7135	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Dec.18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8230-1.8390	1.8255-1.8265	0.09-0.07cpm	0.53	0.41-0.37pm	0.85
Canada	2.3835-2.4027	2.3875-2.3885	0.06dis-0.03pm	-0.08	0.05dis-0.07pm	0.02
Netherlands	3.24¾-3.36	3.35-3.36	1½-1cpm	4.47	3¾-3¼pm	4.17
Belgium	62.18-62.43	62.20-62.30	16-5cpm	2.02	39-24pm	2.02
Denmark	11.45¾-11.52½	11.48½-11.49½	¼pm-1⅝oredis	-0.46	¾-3dis	-0.65
Ireland	1.1179-1.1236	1.1225-1.1235	par-0.06pdis	-0.32	par-0.12dis	-0.12
W. Germany	2.97¼-2.98¾	2.97¾-2.98¾	1½-1⅛pm	5.03	4-3½	5.03
Portugal	241.45-245.00	241.45-242.45	50-205cdis	-6.32	300-605dis	-7.48
Spain	201.76-202.70	202.00-202.30	25-63cdis	-2.61	136-186dis	-3.19
Italy	2187¼-2196½	2192½-2193½	2-8liredis	-2.74	11-21dis	-2.92
Norway	11.65¾-11.72¾	11.67¼-11.68¼	6-6¾oredis	-1.16	18½-19¾dis	-3.52
France	10.05¾-10.10¼	10.08½-10.09¼	par-1cdis	-0.59	¼dis-1½pm	0.25
Sweden	10.81¾-10.87¾	10.82¾-10.83¾	par-⅝oredis	-0.35	½-2dis	-0.46
Japan	231½-232½	231½-232½	1-⅝ypm	4.20	2¾-2⅝pm	4.42
Austria	20.93-21.04	21.01-21.04	8-6½gropm	4.28	24⅛-21pm	4.44
Switzerland	2.41¾-2.42¾	2.41¾-2.42¾	1¼-¾cpm	4.95	3½-2¾pm	5.16

Belgian rate is convertible francs. Financial franc 62.50-62.60 . Six-month forward dollar 0.96-0.91cpm 12 month 2.05-1.95cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Dec.18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8230-1.8390	1.8255-1.8265	0.09-0.07cpm	0.53	0.41-0.37pm	0.85
Ireland†	1.6293-1.6418	1.6300-1.6310	0.02dis-0.03pm	0.04	0.29-0.19pm	0.59
Canada	1.3045-1.3070	1.3060-1.3070	0.03-0.06cdis	-0.11	0.27-0.30dis	-0.70
Netherlands	1.8205-1.8385	1.8375-1.8385	0.60-0.55cpm	5.28	1.51-1.46pm	4.55
Belgium	33.87-34.12	34.05-34.15	6-3cpm	1.59	12-8pm	1.18
Denmark	6.23½-6.29½	6.29-6.29½	0.15-0.70oredis	-0.81	2.05-2.75dis	-1.58
W. Germany	1.6175-1.6355	1.6325-1.6335	0.62-0.59pfpm	4.47	1.71-1.66pm	4.15
Portugal	132¼-133½	133-133½	70-95cdis	-7.44	210-260dis	-7.07
Spain	109.90-110.75	110.65-110.75	20-35cdis	-3.00	90-120dis	-3.82
Italy	1191-1201¼	1200¾-1201¼	2.80-3.80liredis	-3.31	10.00-13.00dis	-3.85
Norway	6.34¼-6.40	6.39¾-6.39¾	3.45-3.80oredis	-6.84	11.60-12.00dis	-7.42
France	5.47¼-5.52¾	5.52¼-5.52¾	0.35-0.55cdis	-0.98	1.60-1.90dis	-1.28
Sweden	5.90-5.94	5.92¾-5.93¼	0.20-0.40oredis	-0.61	1.80-2.20dis	-1.35
Japan	126.25-127.25	126.95-127.05	0.41-0.38ypm	3.75	1.14-1.09pm	3.52
Austria	11.38¾-11.48¾	11.47¼-11.47¾	3.80-3.30gropm	3.73	10.50-9.25pm	3.46
Switzerland	1.3140-1.3285	1.3255-1.3265	0.54-0.49cpm	4.69	1.44-1.39pm	4.29

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 34.20-34.30.

EURO-CURRENCY INTEREST RATES

Dec.18	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian S$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.18	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.826	2.983	232.0	10.09	2.423	3.355	2189	2.388	62.25
$	0.548	1	1.633	127.1	5.526	1.327	1.837	1199	1.308	34.09
DM	0.335	0.612	1	77.79	3.382	0.812	1.125	733.3	0.801	20.87
YEN	4.310	7.871	12.86	1000	43.48	10.44	14.46	9453	10.29	268.3
F Fr.	0.991	1.810	2.957	230.0	10	2.401	3.326	2174	2.367	61.71
S Fr.	0.413	0.754	1.231	95.77	4.164	1	1.385	905.3	0.986	25.70
H Fl.	0.298	0.544	0.889	69.15	3.007	0.722	1	653.7	0.712	18.55
Lira	0.456	0.833	1.360	105.8	4.600	1.105	1.530	1000	1.089	28.39
C $	0.419	0.765	1.249	97.15	4.224	1.014	1.405	918.3	1	26.07
B Fr.	1.606	2.933	4.791	372.7	16.20	3.892	5.390	3523	3.836	100

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Little change on bank figures

INTEREST RATES moved back from the highs touched in the morning, following better than expected money supply figures. M3 in November was flat while bank lending rose by £3.2bn, considerably below some of the more bearish forecasts.

After the dust had settled, the yield curve remained little changed, with a full point separating one-month and one-year money. Three-month interbank money was quoted at 8$\frac{15}{16}$-8$\frac{13}{16}$ p.c. unchanged from Thursday while the one year rate finished at 9⅝-9⅜ p.c. compared with 9$\frac{9}{16}$-9$\frac{7}{16}$ p.c. Weekend money traded between 8¼ p.c. and 4 p.c.

UK clearing bank base lending rate 8½ per cent from December 4

Traders appeared to be less than determined to read anything into the figures, mainly because the lack of real volume made it difficult to make any clear assessment until the new year.

The Bank of England forecast a shortage of around £700m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £352m and the unwinding of previous sale and repurchase agreements a further £284m. There was also a rise in the note circulation of £455m. These were partly offset by Exchequer transactions which added £255m and banks' balances brought forward £120m above target.

The forecast was revised to a shortage of around £800m and the Bank gave assistance in the morning of £734m through outright purchases of eligible bank bills in band 4 at 8⅜ p.c. Further help was given in the afternoon of £100m through purchases of eligible bank bills in band 1 at 8⅜ p.c. Late help came to £50m, making a total of £884m.

Diminishing hopes of another cut in clearing bank base rates were reflected in a rise in the average rate of discount at the weekly Treasury bill tender. This rose to 8.3007 p.c. from 8.0776 p.c. The £100m of bills on offer attracted bids of £672m against £546m for a similar amount the week before and all bills on offer were allotted. The minimum accepted bid was £97.925 compared with £97.975 and bids at that level were met as to about 33 p.c. and above in full compared with 29 p.c. the week before. Next week a further £100m of bills will be on offer, replacing maturities of £200m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.18) 3 months US dollars		6 months US Dollars	
bid 8	offer 8⅛	bid 8	offer 8⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8.75	One month	4.08	Three year	8.09
Broker loan rate	8.25	Two month	5.22	Four year	8.32
Fed.funds	6.50	Three month	6.19	Five year	8.45
Fed.funds at intervention	6⅛	Six month	6.70	Seven year	8.76
		One year	7.16	10-year	8.95
		Two year	7.85	30-year	9.06

Dec.18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.05-3.15	3.60-3.75	3.60-3.75	3.60-3.75	3.65-3.80	4.50
Paris	7.75	8.125	8.3125	8.5625	8.8125	7.75
Zurich	1.00	3.75	-	3.625	-	-
Amsterdam	4.5625	4.5625	-	4.6875	-	-
Tokyo	3.78125	4.03125	-	3.90625	-	-
Milan	10.375	11.50	-	11.50	-	-
Brussels	6.30	6.75	-	6.8125	-	-
Dublin	7.125	8.50	8.625	8.875	9.25	-

LONDON MONEY RATES

December 18	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8.25	8.375	8.625	8.9375	9.25	9.625
Interbank Bid	4.00	8.00	8.4375	8.8125	9.0625	9.375
Sterling CDs	-	-	8.5625	8.8125	9.0625	9.1875
Local Authority Deps.	8.25	8.125	8.50	8.875	9.125	9.375
Local Authority Bonds	-	-	9.6875	8.8125	9.125	9.4375
Discount Mkt Deps.	8.00	8.00	8.375	8.375	-	-
Company Deposits	8.75	8.625	8.625	9.0625	9.25	9.5625
Finance House Deposits	-	-	8.625	9.00	9.25	9.625
Treasury Bills (Buy)	-	-	8.375	8.4375	-	-
Bank Bills (Buy)	-	-	8.375	8.4375	8.75	-
Fine Trade Bills (Buy)	-	-	9.00	9.031250	9.375	-
Dollar CDs	-	-	8.40-8.35	7.95-7.90	7.95-7.90	8.25-8.20
SDR Linked Dep Offer	-	-	6.6875	6.625	6.875	6.75
SDR Linked Dep Bid	-	-	6.4375	6.375	6.4375	6.50
ECU Linked Dep Offer	-	-	7.1875	7.1875	7.25	7.3125
ECU Linked Dep Bid	-	-	7.0625	7.0625	7.125	7.1875

Treasury Bills (sell); one-month 8¼ per cent; three months 8⅜ per cent; Bank Bills (sell): one-month 8¼ per cent; three months 8⅜ per cent; Treasury Bills; Average tender rate of discount 8.3007 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 30 , 1987. Agreed rates for period December 26 to January 25 , 1988, Scheme I: 10.51 p.c. Schemes II & III: 10.25 p.c. Reference rate for period October 1 to November 30 , 1987, Scheme IV: 9.008 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.5 from December 1 , 1987: Bank Deposit Rates for sums at seven days notice 3.00-3.50 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7.5 per cent; one-three months 8.50 per cent; three-six months 8.50 per cent; six-nine months 8.50 per cent; nine-twelve months 8.50 per cent; Under £100,000 per cent from November 24 , Deposits withdrawn for cash 5.00 per cent.

LONDON STOCK EXCHANGE

BP confusion fails to check fresh rise

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 7	Dec 17	Dec 18	Jan 4
Dec 21	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1

*New time dealings may take place from 9.00 am two business days earlier.

A MORE CAUTIOUS note was discernible for much of the final session of a pre-Christmas trading Account, welcome for the first positive signs of stability since the October crash in UK equities. Also confusing the market yesterday was the situation regarding the Government's Golden Share in Britoil after British Petroleum had, not unexpectedly, launched an offer of 450p cash for each Britoil share.

But a rush of buying orders after 3.30 pm, when business is then allowed without "new-time" penalty for the trading Accountstarting on Monday, forced leading shares up from the lower early levels and ultimately into higher ground. The FT-SE 100 *share index eventually* recorded a fresh gain of 10.8 to extend its rise over the past fortnight to 134 points points at 1717.0.

Initially traders were also unsure of the path of Wall Street – down some 50 points on Thursday – and facing the first triple "witching hour" since its big fall. Index futures and options expired yesterday along with individual stock options but contrary to expectations the Dow Jones average headed upwards in the early trade.

Leading UK stocks partially rallied after the BP/Britoil news only to dip sharply as speculation swept the market that the *Government would block the* offer via its Golden Share holding. Shortly before midday, the FT-SE index was showing a fall of nearly 25 points, but the subsequent announcement of the UK money supply statistics for November reversed the movement.

Sterling bank lending of £3.2bn coupled with flat money growth figures for the month silenced market rumours of the monetary figures revealing a marked upsurge in borrowing to as much as £7bn. Share prices, however, appeared unwilling to rally too far until the opening of the US market. The good early rise on Wall Street then triggered positive action and a host of quality stocks closed at the session's highest.

Harrassed oil traders said the Britoil situation is a shambles, although BP appeared confident of the outcome and topped up its holding to 29.9 per cent. A meeting of the full panel on Takeovers & Mergers is being convened for the earliest practicable time next week to resolve the acceptance condition of the special share.

The dubious reports about bank lending put the bond sector under pressure. Profesional traders were anxious to sell and longer-dated stocks fell ¼ awaiting the official announcement at 11.30 am. Immediately afterwards the futures and cash markets moved up quickly as the early sellers began to cover their short commitments.

Domestic retail interest was limited but the advance continued. leaving longer Gilts a point higher on the day. Late sentiment was helped by firmness in US Treasury bonds on reports of progress in the efforts to reduce the US Budget deficit. Anticipating slower trading conditions *next week, marketmakers and* traders were attempting to maintain even books and this aided the move higher.

Two weeks of intense corporate activity in the oil and gas sector came to a head as **BP** finally announced a full-scale £2.3bn bid for **Britoil** and topped-up its shareholding from the previous level of 24.9 per cent to 29.9 per cent by buying a further 25.2m Britoil shares at 450p a share.

But news of the topping-up operation and the 450p a share cash bid was followed by a statement from the Treasury to the effect that it will use its "golden *share" in Britoil to outvote* BP. This news immediately triggered a major sell-off in Britoil shares – a move which was used to advantage by US oil group Atlantic Richfield to substantially increase its stake in Britoil via heavy market purchases.

Britoil shares rose to 450p at one point before slumping dramatically amid confused trading which saw the shares retreat to 345p – with the spread between buying and selling prices widening to 20p in places. Thereafter the price moved up strongly with US securities house Salomon Bros. on the bid for much of the rest of day and apparently picking up *Britoil* stock at prices up to 423p. Britoil eventually ended the session a penny off at 421p after a turnover of 108m shares. Word in the market was that ARCO's stake was upped to around 22 per cent, after yesterday's purchases and buying *in* the market over the past few days. Dealers now await a ruling by the Takeover Panel– expected *next* week– as to whether the BP bid can proceed.

BP also remained in the headlines as the Kuwait Investment Office moved to increase its stake in the company from the previously announced 15 per cent-plus level, via a fresh flurry of buying of BP "new" shares. Turnover topped 64m shares and the quotation held at 70½ throughout the day. BP "old" eased a penny to 238p after a turnover of 12m shares – ignoring a sharp rally in crude oil prices. Brent for January delivery rose strongly to close around 80 cents higher at $16.25 a barrel yesterday, having dropped below $15 earlier in the week.

Other oil issues picked up along with oil prices with **Enterprise** prominent and finally 13 better at 248p. **LASMO** were 14 up at 265p and **Tricentrol,** where French group ELF is bidding 145p a share, moved up 4 to 161p.

Cadbury Schweppes, the UK-based confectionery and soft drinks group, in which General Cinema of the US holds an 18 per cent stake and is considered a potential predator, improved marginally to 255p as the company announced a major overseas acquisition.

It was suggested that the deal could be a defensive move after Cadbury had paid around £95m for Chocolat Poulain, a leading French manufacturer of branded chocolate products. Volume in Cadbury Schweppes totalled 4.4m shares

British Aerospace came under pressure, fell away to around 324p before closing 2 off on balance at 334p during a turnover of some 3m shares as *currency worries resurfaced.* City fears are based on the slump in the US dollar which is expected to have a major impact on earnings of the group's civil aviation business.

Early losses in the financial sectors were recouped after 3.30 pm when strong buying developed for the new account. **NatWest,** disturbed on Thursday by the disclosure of an £80m injection into the County Natwest investment banking subsidiary, the Blue Arrow stake and details of the group's post market crash losses, staged a strong rally and settled a net 14 higher at 552p. **Lloyds** also made strong progress, closing 11 firmer at 233p, while **Barclays** added 5 at 438p. **Midland,** left behind recently according to dealers, moved up 4 to 372p.

Merchant banks continued to race ahead led by **Morgan Grenfell** where talk of a stock shortage and strong support boosted the shares a further 16 to 280p. **Kleinwort Benson** rallied from an initially depressed 308p to close a fraction harder at 315p. **SG Warburg,** quoted at 305p first thing, picked up to end the session a shade better at 315p. **Singer & Friedlander** rose 5 to 68p after news that the Water Authorities Superannuation Fund's stake has exceeded 5 per cent and also on persistent rumours that a major shareholding in the bank is being accumulated.

Insurances fell swiftly during the morning in the absence of the much-rumoured takeover bids in the sector, but picked up *well later in the day. Lifes* were again featured by **Pearl** which moved up 8 to 361p - again on bid speculation. **Commercial Union,** one of the bid favourites in composites, initially dipped to 355p but finally settled marginally higher at 361p. **Royals** were badly hit early on and dropped to 384p *before closing a net 8 off* at 395p. Bid rumours continued to sweep around the insurance brokers which benfitted from a firmer dollar. **Willis Faber** closed 9 higher at 239p, with sentiment boosted by a substantial buying order transacted around the 240p mark.

Events on the bid front in Oils jolted sentiment in the Building sector for a while, but leading issues subsequently staged a useful recovery to close with reasonable gains on balance. **Redland** shaded to 416p early in the session, but bounded ahead late in a market short of stock to close 17 higher at 435p. **Rugby** were firm *throughout* and finished with a gain of 11 at 235p and **RMC** picked up 9 at 423p.**Magnet,** sharply higher late on Thursday on speculative demand, dipped to 217p in the absence of a strongly rumoured bid for the company from either Hillsdown or Ladbroke, but recovered late in the day to close 5 higher on balance at 238p. Bid rumours kept **Attwoods** on the boil and the price rose 30 more to 268p, a two-day gain of 57. **Alfred McAlpine** attracted support at 413p, up 10 and **Wilson (Connolly)** firmed 8 afresh to 309p.

ICI closed ¼ higher at £11 helped by Wall Street's early 30 *point gain. Currency influences* helped recently neglected **Laporte** improve 11 to 374p, but profit-taking clipped 10 from **Amersham International** at 420p.

The stores sector, upset in recent days by the downgrading of profits forecasts for electrical retailers Dixons and Woolworths by Citicorp Scrimgeour Vickers' Nick Bubb, was unsettled afresh by news that stores analyst Philip Ryland at securities house Hoare Govett has downgraded his numbers for **Ratners** whose December sales figures, he estimates, are some 10 per cent below best expectations. As rumours on the Hoare downgrading filtered out into the market **Ratners** shares dipped sharply to 244p before closing a net 9 off at 247p.

Dixons eased further to 193p but rallied later to end the day a couple of pence better at 197p. **Woolworths** recovered from an early mauling which lowered the share price to 234p, to close unaltered on balance at 244p.

Another substantial turnover was seen in **Burton** where two large deals of 1.5m shares and 2.2m shares were transacted at 219p and *218p respectively; Burton* shares subsequently rallied to close only a shade off at 225p after strong and widespread support for the shares.

Body Shop jumped 65 to 665p after a strong buy recommendation from Citicorp Scrimgeour Vickers' Paul Deacon, who,in a review of Body Shop, says the company "will remain one of the most exciting in the sector".

A.Goldberg pushed up 7 more to 160p while the excellent interim profits – up 21 per cent to £843,000 – triggered good support for Forminster, 10 better at 270p.

Plessey dipped to 150p early but later picked up to close only 2½ down at 154p as a recent sizeable selling order was completed. Dealers reported further switching from Plessey into **Racal** and the latter rose 8 *more* to 238p on a turnover of 4m shares. **STC,** unsettled on Thursday by a *Smith New Court prof*its downgrading, rallied 8 to 234p, with turnover at 3.4m shares, after a buy recommendation from Wood Mackenzie.

Leading Engineers joined in the late upward movement with **Hawker** advancing 10 to 461p amid a squeeze on bear positions. *Inclined easier initially,* **GKN** finished 6 better on balance at 310p. Elsewhere, **Simon Engineering** rose 4 to 237p in response to news that the company has signed heads of agreement with a Russian company to build a major industrial complex to produce programmable logic controllers. Bid speculation continued to boost **BHP** which put on 8 further to 200p. **Wellman,** in contrast fell 2 to 41½p on the bigger half-year loss.

Leading Foods closed with small irregular movements as excitement generated by **Barker and Dobson's** surprise bid for the much larger retailing group **Dee Corporation** abated. *In* what promises to be an acrimonious bid battle, Dee, after Thursday's leap of 54 on news of the unwelcome offer, slipped back to close 3 cheaper at 227p. B & D added 3 to 156p. **Associated British Foods,** which holds around 15 per cent of Dee, came back 7 to 305p.

International stocks rallied from initial dullness, mainly as a result of a squeeze on bear positions. An easier trend in sterling against the US dollar made little impact, but late sentiment was give a boost by the firmer opening trend on Wall Street. Final movements were usually small and irregular,

Wellcome fell away to 378p in the early dealings following a report that Genentech has developed a gene-spliced protein known as soluble CD4 which may be useful in the treatment of Aids, but subsequently recovered to finish 4 off on balance at 383p. *Currency* influences gave a boost to **Cookson** which moved up 13 more to 519p while a bear squeeze was largely responsible for a fresh rise of 19 to 240p in **Smiths Industries. Macarthy,** reflecting favourable on the results, advanced 19 to 295p. **British Airways,** up 8 at 160p, *were actively traded (around* 5.4m shares changed hands) awaiting further developments in the British Caledonian bid situation; BCal announced yesterday that its financial advisers are currently in discussions with SAS with a view to the latter increasing its offer. Bid hopes were again behind a fresh rise of 12 to 227p in **Sale Tilney** while **Aim Group** moved up 5 further to 200p on the bumper half-year figures.

Properties passed a relatively quiet session, but generally recovered early losses. **MEPC** finished 7 dearer at 446p and **Land Securities,** after easing to 460p, picked up to close virtually unchanged at 465p. **Hammerson** A, a perrenial takeover favourite, went sharply higher and closed some 50 up at 530p on rumours that Hutchinson Whampoa was stake-building. Elsewhere, **Marler Estates** leapt 100 to 570p amid reports that Mr Robert *Maxwell had bought a 10 per* cent stake in the company and that Marler had reached an agreement to sell Stamford Bridge, Chelsea FC's football ground to Ken Bates, Chelsea's chairman.

P. and O. Deferred, down to 494p at one stage, rallied to finish a couple of pence firmer on the day at 507p in the wake of news that the company had sold a portfolio of properties to Southend Stadium for a consideration of £36m.

Traded option contracts totalled 24,814 comprising 18,116 calls and 6,698 puts. **Britoil** were active on bid developments with 1,876 calls and 1,762 puts arranged. **Hanson** registered 3,497 calls and 123 puts. The **FTSE** contract attracted 812 calls and 1,000 puts.

FINANCIAL TIMES STOCK INDICES

	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	87.72	87.86	87.66	87.98	87.94	82.32	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.88	94.84	94.90	96.05	96.01	89.21	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1377.8	1366.6	1348.9	1332.0	1312.4	1272.1	1926.2 (16/7)	1232.0 (9/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	313.8	319.0	320.4	327.5	336.0	311.4	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.55	4.60	4.64	4.70	4.77	4.49				
Earnings Yld. %(full)	11.38	11.53	11.59	11.74	11.87	10.63				
P/E Ratio (net)(*)	10.77	10.63	10.57	10.43	10.32	11.54				
SEAQ Bargains (5pm)	28077	27,907	24,387	21,238	21,883	31,646				
Equity Turnover (£m)	-	1386.27	1101.78	1130.65	994.61	1299.24				
Equity Bargains	-	30,711	25,849	24,017	23,344	53,328				
Shares Traded (ml)	-	588.2	566.3	555.2	350.0	571.9				

S.E ACTIVITY

Indices	Dec.17	Dec.16
Gilt Edged Bargains	125.3	124.3
Equity Bargains	199.0	167.5
Equity Value	2802.0	2227.0
5-Day average		
Gilt Edged Bargains	110.5	108.4
Equity Bargains	168.3	161.2
Equity Value	2373.8	2278.1

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1365.1	1362.4	1356.4	1353.8	1354.3	1355.3	1361.5	1372.0

Day's High 1377.8 Day's low 1347.1

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.65.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jul.	Puts Jan.	Puts Apr.	Puts Jul.
Allied Lyons (*352)	300	60	70	78	3	9	17
	330	35	50	60	9	20	28
	360	18	35	45	22	32	42
Brit. Airways (*158)	130	32	38	45	2½	7	11
	140	23	31	37	6	10	16
	160	11	23	28	13	18	22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*265)	200	73	83	93	5	17	22
	220	60	70	80	12	22	28
	240	47	57	70	20	30	38
P. & O. (*494)	420	93	107	-	6	13	-
	460	58	75	93	18	30	40
	500	32	48	65	34	47	60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

December 18 Total Contracts 24,814 Calls 18,116 Puts 6,698
FT-SE Index Calls 812 Puts 1,000
*Underlying security price.

Traditional Options

- **First dealings Dec 14**
- **Last dealings Dec 31**
- **Last declarations Mar 17**
- **For Settlement Mar 28**

For rate indications see end of London Share Service

Quiet conditions persisted in the traditional options market. **Sale Tilney, Enterprise Oil, J. Crowther, Racal, Dee Corporation,** *Ultramar,* **Aurora and Sedgwick** were included among a small list of call options. No double or put transactions were reported.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (4).

BRITISH FUNDS (2) Treas. 9pc. Cv 1990 (£50 pd), Treas. 2pc. 1988, BANKS (1) Hill Samuel, MINES (1) DRX Inc.

NEW LOWS (38).

AMERICANS (6) BankAmerica, Chase Manhatton, CityFed Fin. Corp., Contl. Illinois Corp., Houston Inds., Transamerica, CANADIANS (1) Inland Nat. Gas, BANKS (1) MCorp, BREWERS (2) Clark (Matthew), Marston Thompson, STORES (1) Honeysuckle Group, ELECTRICALS (3) AMS Industries, Ealing Electro, Marcol Group, INDUSTRIALS (10) British Bloodstock, Burns-Anderson, Courtney Pope, Doctus, Elgs Group, Esselte AB, Oriflame, Russell (A.), Schlumberger, YRM, INSURANCE (1) Utd Friendly B, LEISURE (1) Prism Leisure, NEWSPAPERS (1) News Int. Spec. Div., PAPERS (2) Ferry Pickering, Millward Brown, PROPERTY (1) Shield Group, TRUSTS (5) Gartmore European, North Atlantic Secs., Berkeley Govett & Co., Ferguson (J.), Perpetual, OILS (2) AmBrit International, Crusader, MINES (1) Modder B Gold Hldgs.

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included5

Greater London Council6¾% Stk 90/92 – £89¾◆

Birmingham District Council11½% Red Stk 2012 – £107 (11De87)

Bristol CorpDeb Stk (3½%) – £30

Liverpool Corp2½% Red Stk 1920(or after) – £21¾◆

Manchester Corp1891 3% Red Stk 1941(or after) – £20

Breweries and Distilleries No. of bargains included669

Allied-Lyons PLC5½% Cum Prf £1 – 49

7½% Cum Prf £1 – 67 8

3% Red Deb Stk 85/90 – £84 (16De87)

6¾% Red Deb Stk 84/89 – £93½ (15De87)

11¼% Deb Stk 2009 – £106¾

7¾% Uns Ln Stk 93/98 – £86½

Bass PLC3¾% Deb Stk 87/92 – £80¼◆ 1¾◆ ¾◆

8¼% Deb Stk 87/92 – £94½ (15De87)

4½% Uns Ln Stk 92/97 – £69¾◆ 70¾◆

UK Public Boards

Foreign Stocks, Bonds, etc–(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Registered Housing Associations

Commercial, Industrial, etc

Insurance

Investment Trusts

Financial Trusts, Land, etc

Property

Plantations

Railways

Shipping

Utilities

Water Works

USM Appendix

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

The Third Market Appendix

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

North Flinders Mines A$0.191 (16/12)
Oil Search 25◆32,36
Pan Australian Mining A$3.189 (16/12)
Pancanadian Petroleum £10
Petroleum Securities Aust A$0.3
Pioneer Electronic Y2480,2520 (15/12)

Wolverhampton Racecourse 260,70 (14/12)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

By Permission of the Stock Exchange Council

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 480	392	18.10	39	35	-	-	$ 481
GOLD C	$ 500	83	11.90	15	24 A	-	-	$ 481
GOLD C	$ 520	87	6.50	7	18	-	-	$ 481
		Dec. 87		Mch. 88		Jun. 88		
SILVER C	$ 700	173	1	3	60	-	-	$ 677
SILVER P	$ 700	50	35	-	-	-	-	$ 677
SILVER P	$ 750	55	85	-	-	-	-	$ 677
		Dec. 87		Jan. 88		Feb. 88		
EOE Index C	FL 160	64	10.70 A	-	-	10	18 B	FL 171.07
EOE Index C	FL 165	366	5.50 B	-	-	-	-	FL 171.07
EOE Index C	FL 170	518	0.70 A	162	9 B	27	14.30	FL 171.07
EOE Index C	FL 180	-	-	240	5.50	10	9	FL 171.07
EOE Index C	FL 185	-	-	54	3.50	13	8	FL 171.07
EOE Index P	FL 155	-	-	49	2.60	40	5	FL 171.07
EOE Index P	FL 160	-	-	362	3.50	9	8	FL 171.07
EOE Index P	FL 165	28	0.10	207	5.10	-	-	FL 171.07
EOE Index P	FL 170	196	0.10	391	7	-	-	FL 171.07
EOE Index P	FL 175	62	4.30 B	35	10	-	-	FL 171.07
EOE Index P	FL 180	84	9.30	73	13.50 A	5	18	FL 171.07
EOE Index P	FL 200	59	29.30	21	29	-	-	FL 171.07
EOE Index P	FL 255	24	84.50 A	47	85	-	-	FL 171.07
EOE Index P	FL 265	45	94.50 A	-	-	-	-	FL 171.07
£/FL C	FL 335	66	0.50	10	1.30 B	-	-	FL 335.35
£/FL P	FL 335	-	-	50	2.50 A	-	-	FL 335.35
$/FL C	FL 185	224	0.05	1059	1.70 B	41	2.50 B	FL 183.35
$/FL P	FL 175	-	-	-	-	130	1.50 A	FL 183.35
$/FL P	FL 180	339	0.05	4196	1.50	135	3.30	FL 183.35
$/FL P	FL 185	877	1.90	59	4 A	6	6 A	FL 183.35
$/FL P	FL 190	236	7.50	7	8.20	30	9.30 A	FL 183.35
$/FL P	FL 195	85	12.50	-	-	-	-	FL 183.35
$/FL P	FL 200	1355	17.50 A	-	-	-	-	FL 183.35
$/FL P	FL 205	518	22.50 A	-	-	-	-	FL 183.35
$/FL P	FL 230	245	47.50	-	-	-	-	FL 183.35
$/FL P	FL 235	91	52.50	-	-	-	-	FL 183.35
		Jan. 88		Apr. 88		Jul. 88		
ABN C	FL 40	75	1.20	31	2.50	16	3.30	FL 38.30
ABN P	FL 40	138	2.20	-	-	54	4.70	FL 38.30
AKZO C	FL 90	278	4.40	65	9.50	29	11	FL 91
AKZO P	FL 90	574	3.10	42	8	11	12.50	FL 91
AMRO C	FL 60	8	0.80	61	2.80	-	-	FL 55.80
AMRO P	FL 65	57	9	-	-	-	-	FL 55.80
ELSEVIER C	FL 45	55	2.20	314	4.50	1	5.50 B	FL 44
GIST-BROC. C	FL 30	8	0.40	290	1.40 A	6	2.30	FL 23.50
GIST-BROC. P	FL 22.50	1	1.30	274	2.80	-	-	FL 23.50
HEINEKEN C	FL 120	45	9	2	16	2	19	FL 126.50
HEINEKEN P	FL 120	61	3.50	3	7.50	-	-	FL 126.50
HOOGOVENS C	FL 45	-	-	-	-	150	1.10	FL 26.80
HOOGOVENS P	FL 25	50	1.20	1	3.60	-	-	FL 26.80
KLM C	FL 30	50	1.30	331	3.40	14	4.90	FL 29
NEDLLOYD C	FL 180	75	0.60	-	-	-	-	FL 117
NEDLLOYD P	FL 120	7	8.70	75	14	-	-	FL 117
NAT.NED. C	FL 45	106	4.80 B	5	6.40	-	-	FL 48.70
NAT.NED. P	FL 55	45	6.50	2	7.50 A	-	-	FL 48.70
PHILIPS C	FL 35	44	0.30	201	1.20	19	1.80	FL 28.90
PHILIPS P	FL 35	24	6.80	312	7.70	137	8	FL 28.90
ROYAL DUTCH C	FL 220	12	0.60	7	3.80	115	4.80	FL 193
ROYAL DUTCH P	FL 180	842	1.50 B	3	5.30	2	10	FL 193
ROBECO P	FL 80	-	-	44	7	-	-	FL 81.60
UNILEVER C	FL 128	416	0.50	-	-	-	-	FL 106.20
UNILEVER P	FL 120	26	16	7	19	253	21	FL 106.20

TOTAL VOLUME IN CONTRACTS : 34,709

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	● Charterhouse Bank	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	Citibank NA	8½	NatWestminster	8½
Allied Arab Bk	8½	City Merchants Bank	8½	Northern Bank Ltd	8½
Allied Dunbar & Co	8½	Clydesdale Bank	8½	Norwich Gen. Trust	8½
Allied Irish Bank	8½	Comm.Bk.N.East	8½	PK Finans. Intl(UK)	9
American Exp.Bk	8½	Consolidated Cred	8½	Provincial Trust Ltd	9½
Amro Bank	8½	Co-operative Bank	*8½	R. Raphael & Sons	8½
Henry Ansbacher	8½	Cyprus Popular Bk	8½	Roxburghe G'rantee	10½
ANZ Banking Group	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Associates Cap Corp	10	Equat'l TstC'p plc	8½	Royal Trust Bank	8½
Authority Bank	8½	Exeter Trust Ltd	9	Smith & Williams Secs.	8½
B & C Merchant Bank	8½	Financial & Gen. Sec.	9	Standard Chartered	8½
Banco de Bilbao	8½	First Nat. Fin. Corp.	10	TSB	8½
Bank Hapoalim	8½	First Nat. Sec. Ltd.	10	UDT Mortgage Exp	‡10.2
Bank Leumi (UK)	8½	● Robert Fleming & Co.	8½	United Bk of Kuwait	8½
Bank Credit & Comm	8½	Robert Fraser & Ptnrs.	9½	United Mizrahi Bank	8½
Bank of Cyprus	9	Girobank	8½	Unity Trust Bank Plc	8½
Bank of Ireland	8½	Grindlays Bank	8½	Western Trust	8½
Bank of India	8½	● Guinness Mahon	8½	Westpac Bank Corp.	8½
Bank of Scotland	8½	HFC Trust & Savings	8½	Whiteaway Laidlaw	9
Banque Belge Ltd	8½	● Hambros Bank	8½	Yorkshire Bank	8½
Barclays Bank	8½	Heritable & Gen Inv Bk.	8½		
Benchmark Tst Ltd	8½	● Hill Samuel	§8½		
Beneficial Trust Ltd	10	C. Hoare & Co.	8½		
Berliner Bank AG	8½	Hongkong & Shangh	8½		
Brit Bk of Mid East	8½	Lloyds Bank	8½		
Brown Shipley	8½	Meghraj Bank Ltd	8½		
Business Mtge Tst	9	Midland Bank	8½		
CL Bank Nederland	8½	● Morgan Grenfell	8½		
Central Capital	8½	Mount Bnkg Cpn Ltd	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.49%. Mortgage 10% - 10.25%

BANK RETURN

BANKING DEPARTMENT	Wednesday December 16, 1987	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	100,179,153	+ 12,047,897
Bankers Deposits	1,064,080,251	+ 20,044,307
Reserve and other Accounts	1,880,041,424	- 26,628,047
	3,058,853,828	+ 5,463,957
ASSETS		
Government Securities	558,730,271	- 40,169,955
Advance and other Accounts	1,064,109,916	+ 249,308,863
Premises Equipment & other Secs	1,430,074,076	- 200,406,721
Notes	5,667,927	- 3,153,098
Coin	271,638	- 121,132
	3,058,853,828	+ 5,463,957
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	14,654,332,073	+ 753,153,098
Notes in Banking Department	5,667,927	- 3,153,098
	14,660,000,000	+ 750,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	9,772,287,534	+ 238,709,937
Other Securities	4,876,697,366	+ 511,290,063
	14,660,000,000	+ 750,000,000

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday December 17 1987

Mining Finance	+ 24.57	Industrial Group	+ 3.48
Metals & Metal Forming	+ 21.19	All Share Index	+ 3.06
Publishing & Printing	+ 21.16	Other Industrial Materials	+ 2.98
Overseas Traders	+ 18.74	Chemicals	+ 2.36
Property	+ 17.81	Telephone Networks	+ 1.22
Insurance(Composite)	+ 12.99	Capital Goods	+ 0.57
Food Retailing	+ 12.11	Other Groups	+ 0.51
Food Manufacturing	+ 12.08	Financial Group	+ 0.08
Leisure	+ 11.95	Packaging & Paper	- 0.57
Contracting, Construction	+ 11.30	Conglomerates	- 1.15
Electricals	+ 10.93	Stores	- 1.27
Textiles	+ 9.24	Electronics	- 3.98
Shipping & Transport	+ 8.90	Motors	- 6.12
Consumer Group	+ 6.53	Merchant Banks	- 6.46
Oil & Gas	+ 6.19	Mechanical Engineering	- 9.30
Brewers & Distillers	+ 4.80	Investment Trusts	- 9.60
Building Materials	+ 4.61	Agencies	- 10.46
Health & Household Products	+ 4.51	Banks	- 12.69
500 Share Index	+ 3.86	Insurance(Brokers)	- 20.28
Insurance(Life)	+ 3.52		

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	61	41	13	163	360	52
Corporations, Dom. and Foreign Bonds	4	14	35	34	102	129
Industrials	377	466	722	2,700	1,546	3,585
Financial and Props	140	209	287	1,055	564	1,561
Oils	24	40	45	116	168	265
Plantations	4	1	9	13	9	48
Mines	26	60	112	206	283	501
Others	60	96	90	422	315	467
Totals	696	927	1,313	4,709	3,347	6,608

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6993/4/5

Scimitar Global Gth Ac	27.1	28.9	+0.2	–
Do. Income	27.0	28.8	+0.2	0.19
Scimitar European Acc	20.3	21.7	+0.1	–
Do. Income	20.3	21.7	+0.1	0.11
Scimitar UK Eq Inc Acc	33.0	34.8	+0.6	–
Do. Income	31.6	33.5	+0.6	5.66
UK Cap Gth Acc	21.3	22.5	+0.3	0.75
Scimitar Pac Basin Acc	25.8	27.5	—	–
Scimitar Mangd Exempt*	130.8	136.5	+4.3	–

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1052

Intnl Income Units	118.5	126.1	–	3.04
Intnl Accum Units	187.8	192.9	–	3.04
UK General Acc	34.9	37.3	-0.5	3.11
UK General Inc	33.6	35.9	-0.4	3.11
American	25.5	27.3	-0.4	0.64
European	33.8	36.2xd	+0.1	0.94
Japan	51.5	55.1xd	-0.1	–
Technology	32.5	34.8	-0.1	1.42
Performance Trusts				
Far East Perf Tst	14.8	15.9	+0.1	0.64
High Inc Perf Tst Inc	22.5	23.8xd	-0.1	5.57
High Inc Perf Tst Acc	22.6	24.2xd	-0.2	5.57
Worldwide Tact Perf Tst	25.4	27.2	+0.1	–

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	192.6	206.0	-1.6	2.99
Columbus (America)	115.5	123.4	-1.5	1.47
Marco Polo (Pacific)	189.4	200.5	+0.2	0.41
Da Vinci (European)	204.7	219.0	+0.9	1.89
Drake	47.7	51.1	—	3.09

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	184.9	196.8	-1.2	3.32
UK Smllr. Cos. Equity	185.5	197.4	-0.4	2.62
UK Special Situations	51.7	55.0	-0.4	1.48
Income Plus	48.6	51.8	-0.2	6.38
European	154.3	164.2	+0.1	1.88
Far Eastern	45.8	48.8	-0.2	3.74
Japanese †	48.5	51.6	+0.2	0.29
North American	105.5	112.3	-1.7	1.87
International Growth	102.1	108.7	+0.5	1.85
Worldwide Venture	49.6	52.8	-0.1	2.48

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-686 4355

TUUT Dec 1 87	173.8	185.1	—	3.71

Trition Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Trition General	127.2	136.8	-1.9	1.79

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3399

Convertible & Gilt	57.3	60.8	-0.2	6.72
Accum Units	57.3	60.8	-0.2	6.72
Income	75.0	79.5	—	8.45
Accum Units	75.0	79.5	—	8.45
Smaller Co's	79.4	84.2	-0.3	1.74
Accum Units	79.4	84.2	-0.3	1.74
UK Growth	82.3	87.3	-0.6	1.55
Accum Units	82.5	87.5	-0.6	1.55

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40039

British Growth Fd	49.2	52.4	-0.6	1.43
Technical Analysis Fd	47.2	50.2	-0.6	1.99

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	155.0	164.9xd	—	1.96
Friars Hse Inc Fd	138.1	145.3xd	—	3.60

United Charities Unit Trusts (a)(z)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

United Charities	151.6	163.4	-0.7	4.69

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Abingdon Rolo Assets	147.8	157.2	+2.7	2.79
(Accum Units)	150.6	160.2	+2.8	–
Far East & Gen	48.2	51.3	+0.1	0.54
(Accum Units)	48.2	51.3	+0.1	–
Master Portfolio	63.199	64.829	+0.682	2.96
(Accum Units)	64.672	66.330	+0.697	–
American & Gen	50.7	53.9	+0.6	2.09
(Accum Units)	51.4	54.7	+0.5	–
Growth	200.7	213.5	+3.8	2.58
(Accum Units)	302.0	320.2	+5.7	–
High Yield	250.1	264.1	+4.8	4.72
(Accum Units)	264.2	281.1	+4.7	–

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	354.4	373.2	—	-
Eb'r Ph. Eq.	304.1	323.2	—	-
Pension Plan Funds				
Phoenix				
UK Equity Acc.	151.6	159.5	-1.6	-
International Acc.	114.0	119.9	-1.5	-
Property Acc.	120.3	126.6	—	-
Fixed Interest Acc.	145.4	153.0	-0.8	-
Money Acc.	133.5	140.5	—	-
Bldg. Soc. Link Acc.	131.3	138.2	—	-
Special Mngd. Acc.	135.0	142.1	-1.3	-
Phoenix/Framlington				
Intl. Growth Acc.	76.0	80.0	+1.1	-
Amer. & Gen. Acc.	69.3	72.9	+1.0	-
Capital Tst. Acc.	160.4	168.8	+1.7	-
Japan & Gen Acc.	157.4	165.6	+1.1	-
American Turn. Acc.	68.4	72.0	+1.2	-
Recovery Tst. Acc.	148.6	156.4	+2.4	-
Special Mngd Acc.	127.6	134.2	+1.4	-
Phoenix/GT				
International Acc.	111.9	117.7	+1.8	-
US & General Acc.	83.3	87.6	+2.3	-
Amer Spec Sits Acc.	58.1	61.1	+1.6	-
Japan & General Acc.	153.6	161.6	-0.1	-
Far East & Gen. Acc.	126.0	132.6	-0.7	-
UK Capital Acc.	154.1	162.2	+2.1	-
European Acc.	123.9	130.4	+2.8	-
Special Mngd. Acc.	115.0	121.0	+1.4	-

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	254.5	267.9	—	-
Max Pen Inc & Cap Fds	323.1	340.2	—	-
Money Fund	110.4	116.3	—	-
Pens. Mngd Fd (Init)	79.7	83.9	—	-
Pens. Mngd Fd (Acc)	88.5	93.2	—	-
Pens FT30 Fd (Init)	120.0	126.4	—	-
Pens. FT30 Fd (Acc)	133.2	140.3	—	-
Pens O'seas MgFd(Init)	46.6	49.1	—	-
Pens O'seas MgFd(Acc)	51.8	54.6	—	-
Pens Fxd Int Fd (Init)	104.4	109.9	—	-
Pens Fxd Int Fd (Acc)	115.9	122.0	—	-
Pens Deposit Fd (Init)	100.4	105.7	—	-
Pens Deposit Fd (Acc)	111.5	117.4	—	-

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

American	79.0	84.0	+1.0	-
Building Soc. Fd.	157.0	166.0	[illegible]	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prufund				
Managed Dec 16	185.9	193.7	—	-

Prudential Holborn Life Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed Fd.	411.2	432.9	-2.5	-
Equity Fd.	829.6	873.3	-6.6	-
Intl. Fd.	288.6	303.8	-2.1	-
Fixed Int. Fd.	346.0	364.2	-1.0	-
Prop. Fd.	296.4	312.0	+0.2	-
Cash Fd.	231.9	244.2	—	-
Pacific Basin Fd.	157.1	165.4	-0.5	-
North American Fd.	112.9	118.9	-1.7	-
European Fd.	135.3	142.5	+1.0	-
Holborn Balanced Gwth Fd	-	-	—	-
Holborn Strategic Gwth Fd	-	-	—	-

Prudential Holborn Pensions Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed	432.4	455.2	-2.9	-
Equity	609.6	641.7	-5.2	-
Global Equity	175.9	185.2	-1.6	-
Fixed Interest	346.0	364.3	-1.5	-
Property	297.4	313.1	+0.3	-
Cash	136.0	143.2	+0.2	-
Index Linked Gilt	159.6	168.0	—	-
Guaranteed	9.25	10.25	—	-
International Money	185.0	194.8	+0.2	-
North American Fd	50.2	52.9	—	-
Japanese Fund	98.19	103.3	—	-
European Fund	68.5	72.2	—	-
Special Situations Fd	79.2	83.4	—	-
Communications Fund	68.4	72.0	—	-
Smaller Cos Fund	81.7	86.0	—	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Dec 16	£113.64	116.97	—	-
Equity Fund Dec 16	£120.5	124.17	—	-
Intnl Fund Dec 19	£19.06	19.66	—	-
Intl Bond Fd Dec 16	£9.93	10.06	—	-
Fixed Int Dec 16	£63.97	64.83	—	-
Index Linked Dec 16	£48.00	48.59	—	-
Property Fund Dec 16	£72.98	77.46	—	-
Cash Fund Dec 16	£17.8984	17.8984	—	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	Treas 7¾pc 1985–88‡‡	[illegible]	.....	7.76	8.75
[illegible]	[illegible]	Exch 10½pc '88	[illegible]	[illegible]	10.44	8.76
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	.....	9.72	8.96
[illegible]	[illegible]	Transport 3pc '78–88	[illegible]	.....	3.07	7.19
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	9.47	9.05
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	11.23	9.20
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]		9.46	9.14
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	3.15	6.71
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.34	9.31
[illegible]	[illegible]	Exch 10pc 1989	[illegible]		9.91	9.35
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	10.72	9.33
[illegible]	[illegible]	Treas 5pc 1986–89	[illegible]	[illegible]	5.24	7.91
[illegible]	[illegible]	Exch 10½pcCv '89	[illegible]	[illegible]	9.99	8.74
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.17	9.30
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.68	9.36
[illegible]	[illegible]	Exch. 12¼pc 1990	[illegible]	[illegible]	11.77	9.36
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.30	9.27
[illegible]	[illegible]	Treas 8¼pc 1987–90‡‡	[illegible]	[illegible]	8.37	8.87
[illegible]	50	Tr. 8pc Cv 1990 (50pd)	[illegible]	[illegible]	8.16	8.90
105	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	9.85	9.35
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]		2.82	6.88
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.05	9.30
[illegible]	[illegible]	Funding 5¾pc '87–91‡‡	[illegible]		6.19	8.26
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.43	7.24
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	9.71	9.00
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10.44	9.28
99	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.34	9.26
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.45	9.34
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	9.79	9.33
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.36	9.22
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.10	9.36
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.58	7.28
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	11.11	9.47
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	11.75	9.50

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

BRITISH FUNDS – Contd

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for April 1987:101.8 and for November 1987: 103.4 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Continued on next page

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corpn $5	21⅞xd	+⅛	$1.16	–	2.9
18¾	8¾	Rockwell Intl. $1	9¾	–⅛	66c	–	3.7
30½	16¼	Sara Lee $1(1/3)	19xd	–⅛	$1.00	–	2.9
11⅞	8⅞	Saul (B. F.) $1	9¼	+⅛	20c	–	1.2
27⅛	21¼	Southwestern Bell $1	18⅝	–⅛	$2.32	–	6.8
22¼	994p	Staley Continental	10⅞		80c	–	4.0
44⅞	21⅝	Sun Co. Inc. $1	26⅞	–⅞	$3.00	–	6.1
42¼	22¼	TRW Inc. $0.625	25⅝xd	–⅞	$1.60	–	3.4
37⅝	21⅞	Tenneco $5	22⅛xd	–⅛	$3.04	–	7.4
220	149¾	Do. 10pcLn.Stk. 91-5	155xd		10%	–	14.7
29⅝	15⅞	Texaco $6.25	19⅛xd	+⅛	$3.00	–	8.4
74⅞	36⅞	Time Inc. $1	43xd	+⅛	$1.00	–	2.3
20⅝	11	Tracor $0.33(1/3)	17⅛xd	+⅛	40c	–	1.3
30¾	15	Transamerica $1	15xd	–⅛	$1.84	–	6.7
14⅞	1¼	Transworld Corp $5	818p	–19	20c	–	1.4
27¼	12¼	TRINOVA Corp	17⅛	+⅝	56c	–	1.8
24⅞	12⅝	♥USX $1	15⅞	–⅞	$1.20	–	4.2
37⅞	16⅞	Utd. Technologies	18⅝xd	–⅛	$1.40	–	4.2
38⅝	25⅞	US West	28		$3.28	–	6.4
30⅛	17⅛	Waste Management $1	19⅛xd	–⅛	–	–	–
31⅞	11⅝	Whirlpool $1.0	12⅝	–⅛	–	–	–
37⅛	16½	♥Woolworth $3½	18⅝	+⅛	$1.32	–	4.0

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp	308p	–9	–	–	–
263½p	10p	♥Abbot Energy Corp	161½p		–	–	–
18⅝	506p	♥Amer. Barrick Res	11⅞		–	–	–
141p	6p	American Lightwave	7½p	+1	–	–	–
122p	33p	♥Armeno	41½p	+½	–	–	–
117p	39½p	Augustin Expln	51p	–3	–	–	–
19⅝	10⅝	Bk. Montreal	11⅛xd		$2.00	–	7.5
10⅞	488p	Bk. Nova Scot.	526p	+6	72c	–	5.7
20⅝	15	BCE	15⅛	–⅛	$2.40	–	6.6
10⅝	511p	♥Bow Valley	563p	–3	♦40c	–	3.0
20	10⅝	♥Bralorne	20⅞		88c	–	3.4
609p	197p	♥Breakwater Res	206p	–7	10c	–	2.0

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

INSURANCES – Contd

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
516	300	Pearl Group 5p	360	+7	†10.5	–	4.0	–
*£11½	733	Prudential	802	–2	†29.0	–	5.0	–
598	350	Refuge 5p	398	–10	15.75	–	5.4	–
595	345	Royal	395	–6	††15.5	–	5.4	–
110	75	Saltire Ins. Inv.	80	+5	–	–	–	–
*345	168	Sedgwick Group 10p	222	+2	12.0	1.7	7.4	9.5
339	138	Steel Burrill J 10p	158	+3	9.0	2.0	7.8	8.8
612	303	Stenge Hldgs 20p	328	+5	†6.0	2.5	2.5	21.5
£12¾	645	Sun Alliance	861	–	†23.5	–	3.7	–
£13	865	Sun Life 5p	895	–3	†28.5	–	4.4	–
£69¾	£36¼	¶Taisho M EDR	844	–¼	Q010%	–	1.0	–
£22¼	£12⅞	Torchmark $1.00	£13⅞	+⅛	Q$1.00	–	4.2	–
410	235	Trade Indemnity	357	–	†4.3	–	1.6	–
£34	£17¾	Travelers $1.25	£18¼	–⅛	$2.28	–	6.8	–
£30¼	£15¾	USF & G Corp $2.50	£16	–¼	Q$2.48	–	8.5	–
£33¾	£15½	USLIFE Corp. $1.0	£16⅜	+¼	Q$1.28	3.2	4.3	7.3
738	535	‡Will Friendly B 10p	595	–25	21.0	–	5.4	–
464	192	Willis Faber 12½p	239	+9	†10.75	2.4	6.2	9.1
128	41	Windsor Secs. 10p	58	–	†0.7	1.9	1.7	–

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	10	‡A & M Group 10p	13	–	–	–	–	–
242	77	Airtours 10p	82	+4	L4.4	◆	9.6	◆
*549	253	Anglia TV	324	+14	†Q11.25	3.3	4.8	9.0
194	77	‡Aspinall Hldgs. 10p	168	–	4.0	1.2	5.1	21.9
141	62	‡Avesco 1p	75	+2	0.5	6.7	0.9	21.2
72	40	‡BCE Hldgs 5p	46	–1	L0.8	◆	3.6	◆
300	132	Barr & W.A.T. 'A'	160	–	10.0	1.4	6.8	13.0
58	22	Bond Media	22	–	–	–	–	–
235	165	Boosey & Hawkes	172	–	–	–	–	–
83	28	‡Border T.V.	42	+1	1.4	◆	4.6	◆
*439	43½	Brent Walker 10p	280	+3	†8.5	2.2	4.9	13.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES – Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
82	41	Kemp (P.E.) 5p	41	–	–	–	–	–
133	56	Leading Leisure 5p	66	–1	0.9	3.1	1.9	19.1
95	60	Lynx Tech. 5p	65	–	b–	–	–	7.5
130	95	M.L. Laboratories 1p	124	+6	–	–	–	–
180	87	Medicraze 10p	88	+1	–	–	–	–
98	38	‡Ovoca Gold IR 2p	43	–3	–	–	–	–
48	40	Propeller 1p	43	–	W–	–	–	13.4
*82	17	Publishing Hldgs.5p	25xr	–3	–	–	–	15.0
128	80	Seacon Hldgs.	80	–	–	–	–	12.2
87	38	Theme Holdings	45	+7	1.0	1.9	3.0	24.1
36	28	Tomorrows Leisure 20p	31	–	–	–	–	12.4
210	130	UPL Group 10p	132	–	L2.41	2.8	2.5	19.8
140	103	Unit Group	123	–	R4.6	2.5	5.1	(8.8)
85	85	Video Tape Recording 5p	85	–	L2.3	2.3	3.7	12.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	43	
Craig & Rose £1	600	+12
Finlay Pkg. 5p	81	–2
Holt (Jos) 25p	£11⅞	

For IoM Steam see Shipping

IRISH

Stock	Price	+ or –
Fund 11¾% 1988	£100⅞	
Nat. 9¾% 84/89	£99⅞	
Fin. 13% 97/02	£113⅞	
Arnotts	305	+305
CPI Hldgs.	53	
Carroll Inds.	145	
Dublin Gas	40#	
Hall (R. & H.)	105	
Heiton Hldgs.	40	
Irish Ropes	158¼	

For Norish see Foods

Stock	Price	+ or –
Unidare	308	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	42
Amstrad	20
BAT	57
BOC Grp.	46
BSR	13
BTR	33
Barclays	52
Beecham	52
Blue Circle	44
Boots	28
Bowaters	41
Brit Aerospace	42
Brit. Telecom	28
Burton Ord.	32
Cadburys	30
Charter Cons.	41
Comm Union	46
Courtaulds	42
FKI Babcock	14
FNFC	31
Gen Accident	105
GEC	22
Glaxo	155
Grand Met	50
GUS 'A'	150
Guardian	110
GKN	36
Hanson Tst.	19
Hawker Sidd.	55
ICI	145
Jaguar	42
Ladbroke	40
Legal & Gen.	33
Lex Service	35
Lloyds Bank	30
Lucas Inds.	62
Marks & Spencer	24
Midland Bk.	47
Morgan Grenfell	37
NEI	15
Nat West Bk.	67
P & O Dfd.	65
Plessey	20
Polly Peck	36
Racal Elect.	30
RHM	40
Rank Org Ord.	65
Reed Intnl.	50
STC	29
Sears	10
TI	35
TSB	16
Tesco	22
Thorn EMI	64
Trust Houses	28
T&N	22
Unilever	62
Vickers	22
Wellcome	47
Property	
Brit Land	32
Land Securities	55
MEPC	54
Peachey	47
Oils	
Brit Petroleum	33
Britoil	28
Burmah Oil	52
Charterhall	7
Premier	10
Shell	135
Tricentrol	15
Ultramar	24
Mines	
Cons Gold	125
Lonrho	29
RTZ	46

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES

Saturday December 19 1987

Steel faces criticism over terms of Alliance merger

By Peter Riddell, Political Editor

MR DAVID STEEL, the Liberal leader, today faces strong criticism from prominent party activists over the terms of the proposed merger with the Social Democratic Party following the publication yesterday of the draft constitution.

However, he predicted that the merger terms would be "overwhelmingly endorsed" by the Liberal Assembly in Blackpool in late January and by the full membership in a ballot the following month. Similar backing is expected by the SDP, with the new party being launched in the spring.

At a meeting in Northampton of the Liberal Party Council, consisting of 150 to 200 activists, a sizeable number of local councillors and Young Liberals will attack the proposed constitution as too centralist, and the suggested name, The New Liberal and Social Democratic Party. The party will continue to be known as The Alliance.

Two of the Liberal negotiators have already said they cannot recommend the terms and yesterday Mr Michael Meadowcroft, a former Liberal MP and president-elect of the party, said the use of the name Alliance, but not Liberal, was unacceptable. He said that, with the support for Nato in the preamble to the constitution, it would split the party.

Liberal leaders are prepared for a rough time at Northampton but believe that the dissenters, while vocal, are not typical. Mr Steel will take a tough line today, urging the need to put aside arguments over detail.

There is a possibility of revision of the name, though some idea of the room for confusion came at a press conference yesterday when Mr Steel said he would be known as the Liberal and Social Democratic candidate and Mr Robert Maclennan, the SDP leader, said he would be an Alliance candidate.

The parties aim for a joint membership of at least 100,000. This compares with nearly 90,000 now for the Liberals and 58,000 for the SDP, though a sizeable minority of the latter is likely to stay outside in a continuing separate SDP led by Dr David Owen, the former party leader. His Campaign for Social Democracy now claims more than 12,000 supporters, of whom 80 per cent are SDP members.

Details, Page 4

Stolport flights to Paris stopped

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FLIGHTS between London City Airport and Paris have been temporarily suspended by the Civil Aviation Authority because one of the route's operators insists that air traffic control is inadequate and unsafe.

The authority disagrees with Brymon Airways' claims but says it cannot ignore them. It has suspended the licences of Brymon and Eurocity Express to fly the route and has instituted an immediate inquiry. Eurocity flights to Brussels from the airport, popularly known as Stolport, are not affected.

The suspension is a blow to Eurocity and Brymon, and will dismay John Mowlem, the construction engineering company which spent £32m building the airport.

John Mowlem hoped that success at the London Stolport would encourage other cities to follow suit, but they are now likely to wait until the air traffic control problem is resolved.

The inquiry will consider the opinions of Brymon's operations director, Captain Harry Gee, who has said that for parts of the flights pilots have no ground control or support. This was "a most unsatisfactory and dangerous manner in which to conduct a public transport operation".

The Guild of Air Traffic Controllers yesterday agreed with Brymon, saying that its members thought air traffic arrangements at the Stolport were unsafe.

However, the CAA said: "It is by no means unusual for traffic using an airport not to have access to controlled airspace."

It added that its flight operations inspectorate, having flown on the route, felt there was nothing unusual in the circumstances in which Stolport services were operated.

But it added that "while the National Air Traffic Services (NATS) will, as before, continue to use its best endeavours, it cannot for the time being guarantee a permanent and systematic upgrading of air traffic services" at the Stolport.

It was thus obliged to suspend the operating licences of both Brymon and Eurocity on the Stolport-Paris route, pending the outcome of the inquiry.

Mr Michael Bishop, chairman of Eurocity, said last night: "We are satisfied that all the resources are available to provide an adequate level of air traffic control surveillance for the Stolport-Paris route."

Eurocity yesterday diverted flights to Stansted, and is considering what to do with other flights planned for the next few days.

Brymon said that it would suspend flights between Plymouth and Stolport as well as the Paris operations.

The independent chairman of the inquiry will be Mr Brian Trubshaw, former Concorde test pilot, who will sit with Mr John Chaplin, the authority's director of safety services, Mr David Sawyer, an aviation lawyer, and Air Vice-Marshal Brian Huxley, a former deputy controller of the National Air Traffic Services.

Mr Nigel Spearing, Labour MP for Newham South, yesterday called for the inquiry to be conducted in public.

He said: "Belatedly, both the airlines and the CAA have now recognised that the risks on this route are unacceptable. The inquiry should also ask why the licence was given. If public confidence is to be maintained there is a strong case for the inquiry to be held in public."

Details, Page 5

Clarke chosen as inner-cities minister

BY PETER RIDDELL, POLITICAL EDITOR

MR KENNETH CLARKE, Chancellor of the Duchy of Lancaster, was appointed minister responsible for the co-ordination and presentation of inner-city policy yesterday as the start of a renewed drive to attract private-sector money into the regeneration of urban areas.

Mrs Margaret Thatcher, the Prime Minister, will retain overall control and will continue to chair the Cabinet committee discussing inner-city policy. Mr Clarke will mainly be concerned with co-ordination and will not have a managerial function.

Mr Clarke, who will remain as Industry Minister, stressed that a central part of his new role would be as the initial point of contact for private-sector companies. He described this as a "one-stop shop" to find out what was available.

Mr Clarke was already the minister running the inner-city task-forces. "The biggest change since the election has been the growing interest of the private sector in working with us," he said. "I intend to build on the contacts I have already developed with the business community and industry and to liaise with those companies who have expressed their willingness to support our policies."

He detected a "new realism" on the part of left-wing Labour-controlled local authorities which had previously refused to co-operate with the Government.

The Government's aim, following the US experience, is to use public-sector money to attract a larger private-sector commitment.

However, Mr Clarke stressed that no new public money would be available on top of the existing £2bn inner-city budget. His initial task will be to help to prepare a white paper setting out the Government's approach.

Mr Clarke's appointment follows lengthy wrangling between government departments. He said he would seek to ensure that all the activities fitted together and did not clash.

It was stressed that Mr Clarke would work under Mrs Thatcher and that there would be no change in departmental responsibilities or administration in this area.

The appointment was immediately attacked by Mr Bryan Gould, Labour's trade and industry spokesman. He noted that it had taken the Prime Minister six months to appoint an inner-cities minister. "At that rate the inner cities will wait for ever for the resources and the policy changes which alone can start to grapple with their problems."

Background, Page 4

Cadbury Schweppes moves into France

BY LISA WOOD IN LONDON AND GEORGE GRAHAM IN PARIS

CADBURY SCHWEPPES, the UK-based confectionery and soft drinks group, is establishing a bridgehead in the Continental confectionery market.

It has spent FFr 950m cash (£94.2m) to acquire Chocolat Poulain, leader in the French chocolate bar market, from Midial, the French food group.

Midial is selling for FFr 650m its Nutrial chocolate powder and breakfast cereal business to Corn Products, the US food group. The two businesses account for about half its trading activity.

Cadbury Schweppes, in which General Cinema, the US group, has an 18.2 per cent stake, said the acquisition was in line with its strategy of strengthening core activities. Other acquisitions on the Continent could follow.

Cadbury has manufacturing plants in several countries but has largely ignored the fragmented Continental market unlike Rowntree, its main UK competitor.

Cadbury sought to develop sales in other markets, including the US, where it is understood to be emerging from trading difficulties which became apparent in 1984-85.

Mr Neville Bain, managing director of group confectionery, said: "We are virtually unrepresented on the Continent. It is a market of high potential to us if it is tackled in the right way." The Continent accounts for 30 per cent of the world volume of confectionery and 35 per cent of its value.

Traditional dark chocolate bars are particularly popular in France, but "count-lines" – individually wrapped snacks such as Kit Kat – are becoming increasingly important.

The French market has increasingly moved into foreign hands. Jacobs–Suchard, the Swiss company, has taken the lead in the milk chocolate market with the Milka brand, while Menier and Lanvin, traditional French dark chocolate brands, were bought by Rowntree in the 1970s.

Chocolat Poulain has two factories south west of Paris and employs about 750 people. Dark chocolate bars account for 53 per cent of production and cocoa drinks about 27 per cent, with the rest made up of assortments, sugar confectionery and chocolate spreads. Last year it achieved net earnings of FFr 55.8m on sales of FFr 847m.

Cadbury will import some Poulain lines into the UK but will use Chocolat Poulain's distribution network in France for count-lines, which in the UK include Picnic, Wispa and Crunchie.

Mr Bain said that if French sales of count-lines grew sufficiently the group would consider building a plant for the products in France.

Mr John Grout, Cadbury's treasury director, said: "We expect the acquisition to bring an increase in net earnings from year one. Payment is in cash, with borrowings increasing Cadbury's gearing by 20 per cent."

THE LEX COLUMN

What price golden shares now?

In choosing this point to launch a full bid for Britoil, BP is playing a very deep hand of poker. The next card lies not with the Treasury but with the Takeover Panel, which early next week will have the unenviable job of deciding whether or not a bid can go ahead in the face of a golden share. If the answer is yes – which is not impossible – BP's position could be rather a strong one.

To end up with full ownership of Britoil without majority voting rights would be an irritant, but a minor one. The Government would go on controlling the North Sea either way, through the Department of Energy's licensing system, and BP has lived with Government influence on its own board for seventy years without noticeable ill effects. More important, the golden share might give the Government an easy way of blocking any counter-bid from Arco on grounds of national interest. To the extent that it would be harder to make the same case against BP, the existence of the golden share reduces the risk for BP of getting involved in a costly bid battle.

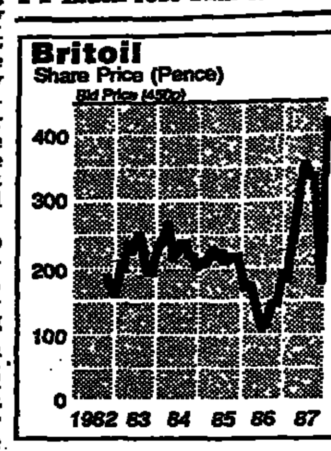
The Takeover Panel, meanwhile, finds itself in an acutely sensitive position. Given the possible implications of its decision for other companies with golden shares, it is not surprising that the Panel's executive has refused to give any guidance until the full Panel has met. The decision hinges on Rule 10 of the Takeover Code, which states in effect that if you are bidding for control of a company you may not go unconditional until you own over 50 per cent of the voting shares. The golden share certainly seems to mean that BP cannot obtain over 50 per cent, but perhaps it also means that in making a full bid BP is not seeking control in the first place.

Meanwhile, what about Arco? It was rumoured to be in the market for Britoil shares again yesterday, and its holding may have risen as high as 20 per cent. There is no question which suitor Britoil itself prefers. Despite BP's immense stress yesterday on its Scottish connections and its plans to relocate its UK exploration and production in Glasgow, it seems obvious that Britoil would be swiftly swallowed and digested. Arco, by contrast, seems to envisage putting its international exploration and production into Britoil's hands, thereby making it a strong independent subsidiary and presumably offering a more comfortable future to Britoil's top managers.

To make a counter-offer, Arco would certainly need to want Britoil badly. The price of between $3.50 and $4 a barrel being offered by BP for Britoil's assets looks not ungenerous for a largely undeveloped mixture of oil and gas; and whereas BP has £1.5bn of rights money under its belt, Arco – whose own market value stands at $6.3bn – might have to think carefully about going much beyond the £2.3bn cash which BP is offering.

With the size of stakes built up on either side, both companies now have a lot to lose. If, after all, the Government were to invoke the golden share as an absolute bar to ownership, the shares would presumably plunge back to their previous abject levels. In that case, shareholders would have good grounds to resent the Government's denying them the chance to get a decent price for the wretched investment which the same Government stuffed them with five years ago. But then, the Government is now in rather a tight political jam whichever way it moves. Presumably BP, which is starting to show real concern over the advance of the Kuwaitis, is not too worried about that.

FT Index rose 11.2 to 1377.8



Markets

Yesterday's good-looking UK economic statistics helped to confirm the gradual lifting of recessionary fears in the equity market, even if inflationary fears now tend to strike gilts in inverse proportion. After a nervous Thursday, Wall Street also helped London to a show of strength yesterday afternoon, and the FT-SE100 index closed up nearly 4 per cent on the week and at its highest level since November 2.

There are, nonetheless, few strategists ready to declare the equity market cheap, and that is not just because Wall Street could implode again. For one thing, the yield ratio is only back to its mid-range for the decade; and in these more bearish days, the depressant effect of rising gilt yields is harder to shrug off. The FT-SE100 has now broken out of its trading range of between 1,550 and 1,700, but given the prospect of two quiet holiday weeks not many people are expecting a sight of 1,750 until well into January.

Yet the fact that such a supportive combination of cash bids, lower oil prices and even the prospect of slightly lower sterling, has failed to tickle the market a good deal more, need not be a source of gloom. Underlying confidence continues to rise in most quarters, as evidenced by the relative absence of profit-taking at the end of the account. The down-rating of Glaxo's profit forecast by the company's own brokers caused only a temporary blip, even if some of it had been discounted after the gloomy AGM at the start of the week; and while further readjustments to corporate earnings must be expected, the market may turn out to have discounted them as well. There has also been surprisingly little artificial massaging of the market to coincide with institutional year-ends – though that might only mean that such massaging is hard to do in alpha stocks, and that fund managers are still too risk-averse to try it in second-liners.

Cadbury Schweppes

In normal circumstances Cadbury Schweppes's near-£100m acquisition of a French chocolate factory would not raise many eyebrows. But with General Cinema still holding 18.2 per cent, and its intentions as ambiguous as ever, the most mundane initiative can appear smothered in significance. Yet this deal hardly constitutes a poison pill, and in any case Cadbury has been planning its belated move on to the continent for several months. Despite an exit p/e of about 17 the acquisition will enhance earnings from the start and those impressive double figure gross margins are unlikely to be undermined by an increasingly oligopolistic French confectionery market. The move may be in part a pre-emptive strike against the likes of Suchard, but Cadbury ought to avoid some of the French teething troubles suffered by Rowntree. And with General Cinema diverted temporarily by its own problems, Cadbury is rightly refusing to be intimidated.

Ghost of Christmases past returns

Continued from Page 1

types range in price from $30 to well over $100.

Meanwhile, Fisher Price has expanded its range with some new play food and a plastic kitchen that are already hard to find in US stores.

However, both British and US toyshops are reporting a dull Christmas in terms of expenditure and consumer interest.

Mr Mike King, manager of Talbots Toyland toy store in San Mateo, California, said: "People are looking for something that the kids will play with for more than a couple of days rather than faddy toys."

Mr Andrew Baines, toy marketing manager for the Woolworth high street stores chain, the UK's largest toy retailer, agrees.

He added: "While we are experiencing a good Christmas, there is no doubt that toy sales overall in the UK are less buoyant than expected."

Some leading toy retailers are understood to be concerned at the slow level of toy sales, especially for the heavily-advertised electronic and so-called "themed" toys such as Masters of the Universe made by the leading US toy companies.

One big London department store is understood to have experienced a 15 per cent fall in the value of toys sold this Christmas.

Television-advertised toys have also been slow sellers, according to Mr Dick Orage, who runs Toys, Toys, Toys, an independent toy shop in Swiss Cottage, north London.

Mr David Hawtin, director general of the British Toys and Hobbies Manufacturers Association, said: "It's not been a particularly wonderful Christmas for the British toy trade."

In the US, stagnating sales have already put the major toy companies under pressure. Worlds of Wonder, manufacturer of the talking teddy bear Teddy Ruxpin, has hit financial problems while Mattel has announced cuts and forecast losses for 1987. Hasbro has said it expects weak fourth quarter figures.

What has come as a surprise to the toy trade on both sides of the Atlantic has been the relative unpopularity of toys which only a year ago were in heavy demand.

In their place has come a greater emphasis on basic toys and games, including in the US Barbie dolls, dolls' houses, board games, and in the UK, Scalextric and Lego sets.

The top toy in Harrods department store has been a quite ordinary teddy bear, apart from having the Harrods logo embroidered on its paw. With a price tag of £14.95, Harrods sold some 20,000 within a few weeks of putting them on sale.

However, technology has not totally vanished from the UK popularity ratings.

A teddy bear was also the top toy sold in the Belfast Co-op department store, but it was Teddy Ruxpin, whose cassette recorder "talks" to children through the use of pre-recorded tapes. At £54.95 a time, the Belfast Co-op reports that sales have been brisk.

In London's Hamleys, which claims to be the world's largest toy shop, the top-selling toy was a "talking" Cabbage Patch doll (at £69.99) which also uses a tape recorder to create the illusion of speech.

Woolworth's top toys include a Cricket talking doll at £49.95.

However, in the US such "talking" bears and dolls are less popular this year; they were put on the market last year and look old-hat to the US consumer.

In the UK, the feeling is that the toy industry may be at a watershed. "There is no clear winner in the market to stimulate sales and interest, so we are seeing a lot of toys and games which are achieving very little," Mr Hawtin of the toy manufacturers association said.

He believes the failure of the US toy majors to come up with successful new products may help UK toy companies. "We tend to make more traditional and less fashionable toys in this country, so any move back towards them must be good for our own industry."

Woolworth, which says its toy sales are running about 25 per cent up on last year in value terms so far this year, also blames a "dearth of new products" for the slow state of the overall market.

However, in both the US and UK board games continue to grow in popularity. Demand for such games grew sharply after Trivial Pursuit became a hit in the mid-1980s. One new game doing well on both sides of the Atlantic is Pictionary, based on charades.

Community agrees toy safety standards, and Felling season in California, Page 2; Mistletoe prices, Page 3; Robins worldwide, Page 4

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Attwoods	268	+	30
Body Shop	665	+	65
Cookson	519	+	13
Glaxo	510	+	¼
Goldberg (A.)	160	+	7
Hammerson A	530	+	50
Lloyds Bank	232	+	10
Macarthy	295	+	19
Marler Estates	570	+	100
Morgan Grenfell	280	+	16
NatWest Bank	550	+	12
Pilkington	216	+	12
Racal Elect.	238	+	8
Redland	495	+	17
Smiths Inds.	240	+	19
Willis Faber	239	+	9
FALLS			
Ratners	247	–	9

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	64	Dallas †	C	7	45	Madeira	S	20	68	Prague	C	10	50
Algiers	S	20	68	Dublin	C	10	50	Madrid	Fg	13	55	Reykjavik	F	6	43
Amsterdam	F	11	52	Dubrovnik	F	14	57	Majorca	C	15	59	Rhodes	F	17	63
Athens	F	14	57	Edinburgh	R	9	48	Malaga	F	14	57	Rio de Janeiro		–	–
Bahrain	S	21	70	Faro	F	17	63	Malta	F	19	66	Rome	F	15	59
Barcelona	S	20	68	Florence		–	–	Manchester	R	11	52	Salzburg	R	9	48
Belfast	C	8	46	Frankfurt	C	14	57	Melbourne	C	18	64	S'Francisco †	F	5	41
Belgrade	C	6	43	Geneva	F	11	52	Mexico City		–	–	Santiago		–	–
Berlin	R	10	50	Gibraltar	S	15	59	Miami †	F	10	50	Seoul	S	7	45
Biarritz	F	21	70	Glasgow	R	10	50	Milan	F	6	43	Singapore		–	–
Birmingham	C	11	52	Guernsey	Fg	11	52	Montreal †	F	-14	7	Stockholm	C	1	34
Blackpool	C	9	48	Helsinki	C	-1	30	Moscow	S	-7	19	Strasbourg	C	15	59
Bombay		–	–	Hong Kong	F	18	64	Munich	R	13	55	Sydney	F	30	86
Bordeaux	S	17	63	Innsbruck	R	6	43	Nairobi	S	27	81	Tangier	S	20	68
Boulogne	C	10	50	Inverness	F	9	48	Naples	S	15	59	Tel Aviv	F	18	64
Bristol	C	10	50	Isle of Man	F	10	50	Nassau		–	–	Tenerife	S	24	75
Brussels	C	14	57	Istanbul	F	9	48	Newcastle	C	10	50	Tokyo	S	8	46
Buenos Aires		–	–	Jersey	F	11	52	New Delhi	S	18	64	Toronto †	C	-8	18
Budapest	Dr	0	32	Johannesburg	F	25	77	New York †	F	-1	30	Tunis	S	21	70
Cairo	F	19	66	Las Palmas	S	22	72	Nice	F	16	61	Valencia	S	19	66
Cape Town	F	25	77	Leeds	R	11	52	Nicosia	F	16	61	Venice	S	7	45
Cardiff	C	11	52	Lisbon	R	15	59	Oporto	C	17	63	Vienna	R	0	32
Chicago †	C	-8	18	Locarno		–	–	Oslo	C	-4	25	Warsaw	C	2	36
Cologne	C	16	61	London	C	13	55	Paris	R	14	57	Washington †	F	-1	30
Copenhagen	R	5	54	Los Angeles †	C	7	45	Peking	S	7	45	Wellington	F	18	64
Corfu	S	17	63	Luxembourg	R	13	55	Perth	F	36	97	Zurich	C	12	54

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Simon-Carves reaches £246m automation deal with Russians

BY PETER MONTAGNON, WORLD TRADE EDITOR

SIMON-CARVES, part of the Stockport-based Simon Engineering group, has signed a £246m contract to build a factory automation equipment plant in the Soviet Union.

The deal is the largest to be announced under the trade finance protocol signed a year ago by the Soviet Union and the UK's Export Credits Guarantee Department in an attempt to boost trade between the two countries.

It was won after lobbying by Mrs Margaret Thatcher, the Prime Minister, during her visit to Moscow in the spring and her brief talks with Mr Mikhail Gorbachev, the Soviet leader, at Brize Norton earlier this month.

The plant, which is to be built at Yerevan in Armenia, will produce programmable logic controllers using technology supplied by GEC Industrial controls. GEC said yesterday that its share of the contract was worth £18m.

Mr Alan Clark, Trade Minister, said: "The negotiations have been long and difficult, but their outcome shows how the Soviets appreciate the quality of British technology."

Simon Engineering said yesterday that it believed it had been the only contender for the contract.

A letter of intent was signed with Technopromimport of the Soviet Union in January, but final signature hung in the balance as complex technical negotiations continued for several months.

The plant is scheduled for completion in 1991 and will have an output of 25,000 controllers annually. These will be used to make Soviet industry more efficient.

GEC said the technology was not advanced enough for military application and transfer of the know-how was permitted under international rules restricting the sale of high technology to the Soviet bloc.

The ECGD said the deal was the third to be guaranteed under the Soviet trade finance protocol. The two previous deals were a $100m (£55m) polypropylene plant order won by John Brown Engineers and an Ecu23.1m (£16m) order from Courtaulds Engineering for an acrylic plant.

BP-Britoil

Continued from Page 1

cessfully in today's volatile environment," he said.

If BP's bid succeeded, Glasgow would become the exploration and production headquarters of BP's entire UK oil and gas exploration business. The chief executive of that business and his staff would move from London to Glasgow. "We do not expect that overall employee numbers in Glasgow and Aberdeen – taking BP and Britoil together – will fall as a result of the acquisition," he said. Britoil employees would be treated on equal footing with BP staff as far as career prospects were concerned.

Mr David Walker, chief executive of Britoil, said his board was rejecting BP's bid as inadequate.

WEEKEND FT

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Children of the streets

John Lloyd reports on the growing plight of London's homeless children and finds a sub-strata of wasted lives and lost hope

RUSSELL, aged about 17, is on the street, trying to talk his way into a night shelter. He doesn't qualify. He has had a bed there too many times in the past and, while the rules are not rigid, they are tough enough to keep him out. But he has a very good go.

He is tired. He is hungry. He has been on the streets all weekend - it is now Sunday night. Everywhere else is full, or will not take him. He has been unable to draw his NFA (no fixed abode allowance) from the Department of Health and Social Security office because it was on strike. He does qualify for the night shelter. He has not been here so often before. He is starving. He will freeze. Just one night. Just 20 minutes for a meal. "You wouldn't want my death to be on your conscience, would you?" he asks the night shelter worker who bars his entrance. "I haven't got one," says the worker. Russell grins.

Beside him are two black kids, about the same age. They aren't getting in either. They, too, have exhausted their credit at the shelter, have been in before under different names. One, Brian, complains bitterly about the strike at the DHSS office. He is angrier than Russell, with less patter and no pleasure in the game of trying to get in. When the shelter worker tries to end the conversation by pushing the heavy metal gate at its entrance closed, he stops him, pushing with a sudden formidable strength. "What do you think you're supposed to be doing?" he shouts. "Do you think you're a charity? What about some f...ing charity?"

Jason is in. Not just in the shelter, where they throw you out at eight in the morning and you can't get in till eight in the evening; but in to a hostel where he can stay indefinitely, with a room of his own. He's from Hounslow, where he was in a children's home from which his father took him back, only to throw him out again. He lived in a flat but a flatmate turned upon him, beat him and his dog, took all of his possessions and - he says - pursued him with such malice that he fled to Central London. "My original intention when I came to London," he says, "was to waste away. Die." Later he says: "My father would like nothing better than to see me dead."

Dawn, who gets in to the shelter on Sunday night, is 16 or 17. She's from Pitlochry. She left her mother and came to see her father who lived in Harrow. He threw her out. She punctuates her story with gales of giggles, contrasting strangely with her strong Scots accent and the image conjured up by Pitlochry, a prim Victorian resort for Highland-gawpers and game-slaughterers. As it turns out, she has almost certainly never been to Pitlochry; but she did recently go to Glasgow on the coach and picked up a wonderfully convincing Scots accent.

On Sunday night of this week, Dawn got in the shelter in Soho, Jason was in his hostel on a half-derelict Fulham housing estate, Russell and Brian and his mate might have gone to the DHSS hostel in Dean Street, though they almost spat at its mention: they delouse you there, and the huge dormitories are full of elderly men who pee in their sleep and sometimes molest you.

They are some of a growing legion: of perhaps as many as 50,000 teenagers who rattle about London, living in shelters, in hostels, in friends' flats, in relatives' houses, in squats, in bed and breakfasts, in hotels (don't think of the kind of hotels you will know), in parked railway carriages, in doorways, on benches, in stations.

This is not a Dickensian world. These are not Oliver Twists, lisping timorously for some more. They are foul mouthed, often: you catch the heavy smell of cheap booze on their breath at times; they lie continually; they abuse those who seek to help them; they will blow £5, £10, as much as they can get, on slot machine binges in the game halls of Leicester Square. But Oliver Twist (leave out the slot machines) would have been much the same, in "real life."

And vulnerable? Certainly: no plea for gruel could wrench you more. The great, swirling fantasies in which many of them envelop themselves, the desperate undisciplined pleasures, the vacancy and the rudeness, as well as the sudden dependency and the often dignified courtesy and self pride, speak, usually, of a shattered family, a slow ripping up of trust and respect, often culminating in or punctuated by screaming rows, or violence, or incest. And so the kids walk out, or drift out, or come and go and finally go for good, or are thrown out. And then, quite typically, the child carries about a burden of guilt.

But unlike Dickens' times, too: they can, if they will allow it, summon the adult world to assist. There are agencies in the West End which will advise and counsel and take them in - like Alone in London; the Soho Project; the Central London Teenage Project; the Piccadilly Advice Centre; St Barnabas Hostel (for women who have fallen on hard times); the Samaritans of course; the terrible Dean Street DHSS place; the Centrepoint night shelter - the old rectory of St Anne's church, at whose gates Russell and Brian and his mate and others were trying, on Sunday night, to talk their way through Pete McGinley, the big Glaswegian in charge of the shelter that night and who, in fact, does have a conscience, but has to be very selective about using it.

Centrepoint is an interesting place for many reasons. One of these is that where some - by no means the majority - of its residents see themselves as victims of government policy, one of the Prime Minister's favourite people is exerting himself to put money into it.

Centrepoint is funded 60 per cent by donations. One of the larger of these came, earlier this year, from a body called Charity Projects, which allocated £20,000 for research designed to answer the question "who are the young homeless?" Charity Projects is run with great energy and enthusiasm by Jane Tewson, who has the charm and forcefulness of a young high flier in, perhaps, an ad agency or a consultancy, but who instead devotes these qualities to persuading the rich, talented and famous to give of their money or time to help Jason from Hounslow or Dawn from "Pitlochry" in from the cold.

She has a shrewd eye for whom to approach. She got stockbrokers to compete in an "investment race," having shown them the Centrepoint night shelter and other charities she helps. She came to the Financial Times with the idea for the Great Investment Race to involve the City in a direct, and interesting, way of increasing its commitment to charity. The race raised nearly £800,000, including some £17,000 from FT readers. It is to become an annual event - the second one started earlier this month.

Kevin Grey

Tewson also took Kim Wilde (the rock singer) to Centrepoint, and she has talked about it ever since, most usefully on the Wogan show. Tewson, who worked at Mencap before setting up on her own as an entrepreneurial charity, uses no money for running costs: she wheedles office space, postage, copying, office furniture, wages and expenses out of a galaxy of people and companies who "love to help."

As chairman of the company, she chose Tim Bell, formerly of Saatchi and Saatchi, the man who brought us the adverts for the Conservative Party election campaign - the "Labour Isn't Working" slogan in 1979, who masterminded these marvellous posters in 1983 (remember the one knocking the SDP, with the bottles of claret?) and who saved the 1987 campaign from the mouth of chaos. Well, there he is, chubby and charming, introducing the Charity Projects video. A good man to have on your side. He used to pay Tewson's wages: now Richard Branson does. With that kind of talent about, you can bet that Charity Projects will be lean, efficient and action oriented.

And so it appears to be. Tewson speaks darkly of the "corruption" of the big charities, both in real and in metaphorical terms: of the money which sticks to the fingers of administrators or which simply disappears in administration. She wants to be transparent: to have all the money pass through and out and on to the streets. Or, in the case of the research for Centrepoint, into understanding what happens on the streets.

Centrepoint's staff know something about that already. Nick Hardwick, the organisation's director, says: "You are now getting gangs of kids, like in New York and Naples, sleeping rough and going the rounds of the hostels. Anyone you speak to who's been involved in this work says it's getting worse."

McGinley, down at the Shelter, with years behind him of going out at eight at night to the gate on to Shaftesbury Avenue and facing the hustlers and the demands and the pleading, sees the job in strictly limited terms. "We're here to get them out of the West End. Get them away from here. Not necessarily back home: home could be worse. But away so they can sort themselves out."

Hardwick and McGinley, with the agreement of the all-volunteer night shift at the shelter, let me stay for much of Sunday, till the small hours - the first journalist to be let in at night. They give the kids who come in a good meal and a bed in one of the two spartan dormitories. They talk to them and make sure that when they leave in the morning after breakfast, they have a plan of where to go. The kids were, in the main, keen to talk to a journalist. Many were clearly winding me up with improbable tales, but in some cases, it was hard to tell what they believed and what they did not.

John, a black kid of about 17, told me and the staff that he was something of a terror of the streets, with assaults and larceny to his credit: impossible to believe of a thin, reserved kid with a slight speech defect and a miserable stare. He had been thrown out by his stepfather, he said. Didn't his mother protect him? "My mum can't do nothing. What he says goes. She's sold out." He stared before him. "I get depressed too many times. I don't see any way out. Nothing. It just seems endless to me."

The workers and the volunteers at the centre hear all this, but soon get beyond the soupy depression which kids like John engender in novices to this world. McGinley, brisk and jovial in the Glaswegian mode of mock insults, says they can't let the kids treat the place as a sleepover joint for fun in the West End. At some point, they have to confront them with the hard choice their situations demand. He and his colleagues do that night after night at the Shaftesbury Avenue gate, to people like Russell and to many others without his ability to cope.

David Byrne, the volunteer team-leader on Sundays, works in insurance. He first came to the shelter when he surveyed it for his company: pushed to explain why he gives up an entire night for this every week, he says he has four kids of his own and he hopes that, were they to fall to the state of his clients, someone like him would be there to help them. Another volunteer, Paula Worthington, had been herself been a client years ago.

The stories unfold with the night. Dave, an 18-year-old from Darlington, left home because his parents were too dourly Christian for him. His father, a former Pentecostal minister, had "made it obvious he didn't like him not being a Christian." At 47, his father was unemployable. "I feel really sorry for him, but there's nothing I can do. I used to sit for hours in the job centre meself."

On the Youth Training Scheme, Dave was "ripped off by the employer. They were taking on lads like me for a pittance and laying off time served men. The employers love all this YTS business. I don't mind being quoted on this. Maggie Thatcher should know about this." Dave appears far more securely based than most; he sounds much more like a boy from the kind of community which expected kids like him to become a time served man himself, which is what he wants. He has with him Kath, a 17-year-old who has drifted for the past three years and whom he clearly sees as his girl: he speaks of her protectively, and talks about setting up house. It's a fantasy.

All the kids there need more help with their fantasies and nightmares than the staff have the time and training for. At the long term hostel in Fulham, where Jason lives, they can unwind slowly, with no pressure to leave. There, Diane, from Exeter in Devon, who had been in care, who lived in a cave and tried to kill herself several times after she had failed to make contact with her real mother - who called for her then rejected her - can find herself, as she puts it, can shake off the pervasive guilt she had felt and can cut down the heavy drinking she had fallen into.

The staff at Fulham - Jane Edmonds and George Williams were holding the fort over last weekend - hold counselling sessions with each kid each week, organise group sessions and are on call at most times. They take the kids through three phases: the first, where they bit by bit reveal themselves: the second, where they share themselves in the group; the third, where they look outwards and are encouraged, though never forced, to move out.

One, called Mouse - a skeletal kid with a drooping Mohican haircut, dyed a rainbow of colours and a kind of nervous stutter which diminished a little as he grew a little less distrustful - has just arrived: he will not talk (to me, at least) of his past, and only spasmodically of the present. He had been on the streets for a long time, but he could not or would not say if it was years or months. He found it hard, but as hard to stay in a hostel.

"Outside, if your clothes are ripped, or if you're dirty, it doesn't matter. But here, you have to wash and look out for other people." I asked him if he did not feel cut off from "straight" society. He was completely without self pity. "It might seem like there's two sorts of life, us on the street and the others. But we're really doing the same thing. The people who work get up and go to the office and that and go home. And we get up and go and look for food and then come back together in the night. People help each other. I give people who have just come on the streets things now. Because I'm inside now. These kids out on the streets have got nothing at all."

Continued on Page XII

The Long View

The house of the rising sun

US and Japanese equity markets symbolise the shift in the global centre of gravity. Their sharp contrast in attitudes will be one of the big talking points in 1988 says Barry Riley

CRASH? WHAT CRASH? The stock market events of late October may have been the most spectacular for half a century but they have been swallowed up on an annualised basis. As I write (a little ahead of Friday's close) the All-Share Index is showing a gain, admittedly only tiny, on its level at the end of last year. Adding in around four points of dividend yield the gross rate of return on UK equities has still been a positive 7 per cent for 1987.

That may not be enough to satisfy the bull market appetites of unit trust investors, or to please the pension fund trustees who had enjoyed an average annual return on UK equities of more than 25 per cent in the seven years from 1980 to 1986. At the same time, the crash has not of itself turned 1987 into 1929. But then, the real problem with 1929 was what happened in 1930 and 1931.

As the year-end approaches it seems that the UK equity market has escaped relatively lightly in global terms. Although the perception in late October was that the London market was suffering worse than many others, perhaps because it was relatively liquid and therefore a better place to try to dump stock than the average Continental bourse, the picture for the year as a whole is very different.

The FT-Actuaries World Indices show that, while the UK market has held up, the US market is down a fifth in sterling terms over the year, France has fallen by 30 per cent and West Germany by the best part of 40 per cent.

Only Japanese equities have seriously defied the trend, surviving crazy valuations, the rise and rise of the yen and massive sales by foreigners, and still showing a gain of a sixth in sterling terms over the year. The Japanese asset bubble must collapse sometime but the internal forces that support it are stronger than anyone could have supposed.

So much for the bare figures. Here are three perspectives in which to assess the stock market's performance in 1987: the national perspective, the global framework and finally the long view.

For the UK economy it has been a year in which things have gone almost too well, culminating in ominous headlines such as "fastest manufacturing output growth since 1973." Underlying fundamentals have been extraordinarily favourable, with company profits growing at some 20 per cent and dividends by 12 per cent.

Unfortunately the equity market became subject to serious overheating. It has been fuelled all year by rampant monetary growth. Then there was all the excitement generated by the General Election of June 11.

After an extremely buoyant first quarter there was only a brief pause for breath in April before equities again rose strongly during and after the election, hitting a peak of 2443.4 in terms of the "Footsie" on July 16 thanks to the so-called foreign "wall of money".

In early August there was a brief rehearsal of problems yet to come when the authorities for once showed concern about the riproaring monetary growth and pushed up base rates. That led to a 56-point fall in the Footsie in a day. With the market already overhung by a torrent of issues, equities were always struggling from then on. Yet the bull market did not die easily: on October 5 the Footsie was back up to 2385.8, within 3 per cent of the July peak. By that time, however, UK equities were horribly vulnerable, and in no shape to withstand the dire events on Wall Street.

Now for perspective two. This centres on international monetary cooperation, or perhaps the lack of it. The significant event of the year in this respect was the Louvre Accord on currencies reached in February after an unstable few weeks in January when the yen threatened to go through the roof.

The reasoning was that the Americans should be given time to put their house in order. But they have not done so. And the countries which agreed to support the dollar failed to understand that to stabilise one market in an unbalanced system simply transfers instability elsewhere.

As the volume of dollar support increased rapidly through the spring, Japan, Germany and the UK began to lose control of their own monetary growth. While this was positive in the short term for equities, bond markets began to get alarmed. There was particular instability in Japanese bond yields, and by September several of the "zaitech" practitioners, or corporate speculators, were in trouble. The global average bond yield, according to Midland Montagu, rose from 7 per cent in March to almost 9 per cent in September.

In early October it became clear that the Louvre Accord was falling apart. There was an open row between the Americans and the Germans as the latter moved to tighten credit. Bond markets surged in relief but the equity bubble burst, with European markets especially hard hit because of the threat to the volume and profitability of exports into the US.

The easy way out in the short run for the US Government has been to let the dollar go; but in the absence of any serious attempt by the Americans to eliminate their fiscal deficit only a rise in internal savings can cure the trade deficit. In other words, there has to be a recession and a drop in domestic consumption, but in a presidential election year no one can see how; it is as good a formula as any for continued uncertainty and instability in the global equity markets.

Finally, the long view of all this. We are in the middle of a major shift in world economic and financial power away from the US and towards Japan.

The Americans have lost the will to sustain the dollar as a serious measure of value, should that clash with short-term domestic priorities. The Japanese have not yet been ready to assume the responsibility of a central position on the world stage, but there has been a striking contrast between the resilience of the Japanese answer to the challenge of the rising yen and the lack-lustre American response to their twin deficit crisis. While the Americans retreat towards home it is the Japanese who are becoming the new multinationals.

As a symbol of the shift of the global centre of gravity, look at the relative capitalisations of the US and Japanese equity market. At the beginning of the year the US was 26 per cent greater, now it is perhaps 25 per cent smaller. There will be a lot more to be said about this subject of the global power shift during 1988.

● CONTENTS ●

A welcome touch of Christmas cheer

London

AS OFFICE parties swing and crowds build up in City pubs, a wave of festive cheer spilled over the London market last week.

Certainly, the events of the past five trading days – ranging from two "mega-bids" to some sanguine economic soundings – were more than enough to chase any hangover. For a start, there was a buoyant CBI survey. Only 15 per cent of companies surveyed reported orders below expectations, and only 9 per cent predicted a decline in their levels of production over the next four months.

That may not be too surprising. Recession, on the back of the financial markets' turmoil and US deficit problems, was never likely to bite overnight. Moreover, the CBI does report some threat to export orders as sterling gains at the dollar's expense. But the generally upbeat tone did, at least, give firm backing to the much-repeated political message about the inherent health of corporate and economic UK.

The latter point was re-emphasised when November's public sector borrowing requirement figures were unveiled on Wednesday. There was a net repayment of £1.5bn during the month – at the best end of analysts' predictions - leaving the Government on target for a possible budgetary surplus in the full financial year. That, in turn, could spell some nice expansionary tax cuts next spring.

Backing up the domestic news were generally encouraging developments overseas. Soundings from the US (only verbal, it must be admitted) stressed that the authorities are not looking for a dollar decline - although the market may wish to see that translated into practical support before it takes much comfort. The dollar/sterling rate was little changed over the week.

Meanwhile, the Opec meeting in Vienna ground to an uneasy compromise and failed to prevent a significant slide in spot prices. By Thursday night, Brent crude stood at $15.725, compared with $18 at the end of the previous week. While lower prices do nothing for the oil sector, they do ease inflationary pressures and industry's costs generally – all good reason for industrial shares to take heart.

Bid activity aside, those factors alone could probably have justified much of the stockmarket's rise during the first four trading days. By Thursday night, the FT 100-Share Index was showing a 54.6 point gain on the week and a 117.8 advance on the account.

Only on Friday did the mood shift slightly. The 50-point drop on Wall Street overnight, coupled with nervousness about how it would open during London's afternoon session, sent Footsie down 25 points by mid-morning; money supply figures were only partial comfort. Moreover, analysts remain wary creatures these days. As the "look-ahead" circulars for 1988 start to flow, some bearish noises on the longer-term impact of the US deficit problems and spectre of recessionary forces next year seem set to be revoiced.

But by far most dramatic action last week was again to be found on the takeover front. If anyone thought that David and Goliath bid battles were a bull market phenomenon, Barker & Dobson set out to prove them wrong on Thursday. It launched a £2bn cash and shares bid for Dee Corporation, Britain's third largest grocery group.

It is barely two and a half years since Barker – a loss-making sweet manufacturer – fell under the control of ex-Asda managing director, John Fletcher. It has since acquired the 145-store Budgen chain, but is still (in terms of market price tag) one-fifteenth of the size of its target. Dee, by contrast, is still digesting a rapid acquisition programme, has recently reported an 18 per cent interim profits dip, and has seen its shares underperform the stores index by 15 per cent over the past 12 months.

Not only is Barker's bid the first £1bn-plus takeover since Pilkington/BTR last January, but it is also the first deal of this scale to be heavily backed by bank finance since Elders IXL swooped on Allied Lyons in late-1985. Of the £2bn consideration, £1.25bn comes in cash, the remainder in shares. To fund the cash element, Barker has a three-year £1.6bn loan facility arranged with seven banks. And because it is only after Dee's 750-odd "middle ground" Gateway stores, a heap of subsequent disposals should enable it to raise something over £1bn and repay the bulk of that.

In short, unlike the earlier minnow/whale bids this year, Barker has neatly side-stepped any element of rights issue funding and avoided the need to underwrite. The market may be down, but corporate financiers' flexibility, it seems, is not.

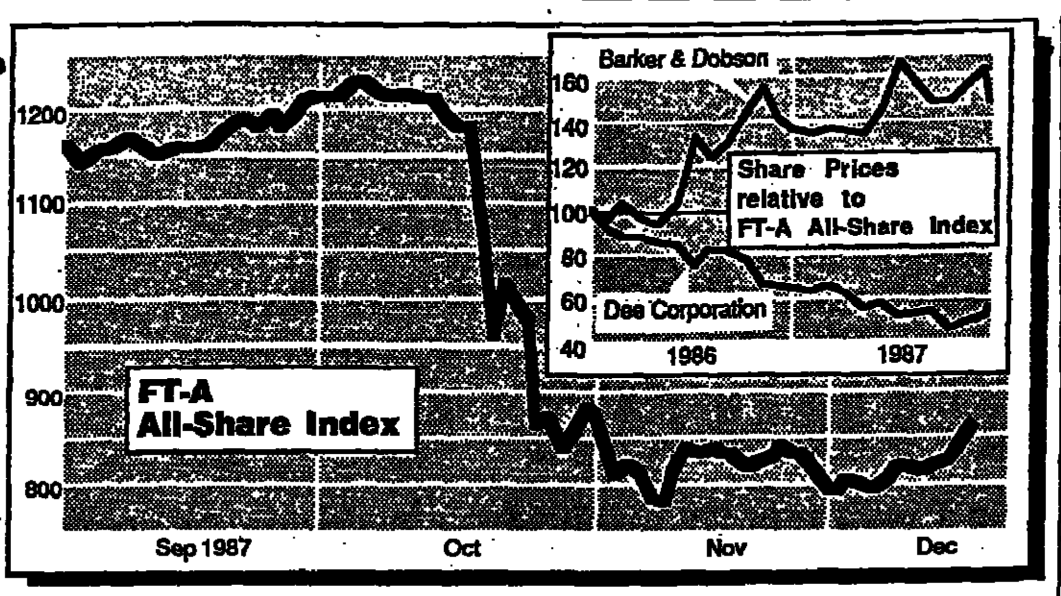
The 54p rise in Dee's share price to 230p – marginally ahead of the Barker terms - suggested that the market was taking the offer seriously. The shenangins at Britoil were rather more complex. On Friday morning, BP unleased a £2.2bn cash offer (450p a share) for oil giant, Britoil – only for the Government to declare that it would use its special share to prevent any bidder gaining control.

The Takeover Panel meets next week to discuss the matter; Atlantic Richfield, the US oil company, stands in the wings; and BP promptly lifted its Britoil stake to 29.9 per cent. All of which had the market somewhat confused - Britoil rose to almost 440p, came back to little over 400p and by mid-afternoon had settled at 415p.

The impact of the current takeover wave on market cannot not be understated. Ten bids, with a total value of over £6bn, have now emerged since Black Monday. In addition to Barker and BP, RTZ also raised terms for MK Electric last week, sealing its target's agreement. Moreover, the bulk of these predators are either proferring cash or a significant cash element.

Money on that sort of scale goes a long way to repairing liquidity and boosting sentiment all round. Not doubt someone will start muttering about short-termism, but for the moment institutional investors look set to sleep a lot happier this Christmas.

Nikki Tait



LAST WEEK'S CHANGES

The following table shows the change in the FT 30-share index and its constituents over the past week. The FT-SE index is also shown.

	Price yester-day	change since 11/12	1987 High	1987 Low		Price yester-day	change since 11/12	1987 High	1987 Low
FT Ord Ind	1377.8	+67.1	1926.2	1232.0	Grand Met	425	+21	605	348
ASDA-MFI	165	+5	226½	142½	GKN	310	+43	434	235
Allied-Lyons	352	+23	471	290	Guinness	301	+17	389	227
BICC	317	n/c	436	269	Hanson Trust	135	+13	195½	116
BOC	388	+22	559	300	Hawker Sidd	461	+43	630	377
BTR	282	+11	374	228	ICI	£11	+¹¹⁄₁₆	£16½	937
Beecham	464	+18	589	268	Lucas Ind	539	+48	795	465
Blue Circle Inds	328	+20	579	289	Marks & S	182	n/c	280½	160
Boots	242	+17	329½	205	NatWest Bank	550	+11	794	498
British Gas	125	-1	200	106	P & O	507	+24	776	425
BP	238	-10	416	234	Plessey	154	+10	258	127
British Telecom	224	+15	337	203	Royal Insce	395	+5	595	345
Cad Schweppes	255	+5	291	119	Tate & Lyle	717	+37	944	560
Courtaulds	348	+16	535	302	Thorn EMI	543	+26	830	436
GEC	161	+5½	251	148½	Trusthouse	232	+24	286	171
Glaxo	£10	-⅜	£18½	968	FT-SE 100	1717.0	+65.4	2443.4	1565.2

Everything and the kitchen sink

Junior Markets

MOTORCYCLE manufacturers, cookie sellers, dance studios – over the seven years of its existence, the Unlisted Securities Market has seen everything but the kitchen sink.

Now that omission is set to be rectified. Carron Phoenix, one of the country's leading sink manufacturers, is set to join the USM next year.

Five years ago, the company was a division of a broader industrial group, Carron, which went into receivership. Although UK management buyouts were still comparatively rare, four of the stainless products division's director decided to buy the business from the receivers, with the help of the Bank of Scotland.

This is the shape of sinks to come: the Carron Superbowl

The group was led by Ulsterman Roy Mitchell and a Spanish Scotsman, Manolo Blazquez. They knew that stainless steel sink manufacturing was profitable, but with the right capital investment, they believed the company's growth prospects could be dramatically enhanced.

Few, until then, had paid much attention to developing the design of the sink. In 1982, the vast majority were stainless steel, with two taps, one bowl and a draining board – not much for marketing men to enthuse about.

Contrast the conventional, dull image of a sink with the blurb for Carron's top of-the-range offering called (what else?) the Superbowl. "A fully functional work centre that caters for all activities of food preparation as well as making washing up less of a chore," the brochure proclaims in its plug for the product.

The Superbowl has two basins, a dual tap, a strainer bowl, an extendable drainer tray and is available in a range of colours all the way from astral white and beaver brown to "terre de france". However, it does not come cheap; the recommended resale price is £217 plus VAT.

Making sinks chic took a lot of work. "Our first task was to establish some brand loyalty," explains marketing director Manolo Blasquez. "In 1982, most sinks were treated as commodities, distributed through builders merchants. We started to plaster Carron all over the packaging."

Another vital step was to find the right material to give the humble sink a more up-market look. After considering a range of possibilities, Carron plumped for a composite silica-based material and considered ICI's Asterite.

But after a visit to an unknown German company called Schock, Carron opted to buy the licence to manufacture its product - renamed Silquartz for the British market. Silquartz can be coloured, can be moulded into a wider range of shapes than stainless steel, and does not scratch as easily.

Once it had a product, and a recognised brand name, Carron was able to re-assess its marketing methods.

"There had been top-of-the range sinks before," says Blasquez, "but the size of the market was perceived as limited."

In the past, a sink was put in a house by a builder and was unlikely to be replaced by new residents; all that changed with the growing popularity of home refurbishment. The fitted kitchen became fashionable.

But home owners were unlikely to look for sinks in a builders merchant; so Carron also had to ensure that its product found its way into the right showplace - the burgeoning DIY superstores. Now retailers form around 50 per cent of Carron's customer base.

The strategy seems to have worked. Turnover has grown from £5m in 1982 to around £15m, and although profits growth has been less smooth, because of the company's heavy capital expenditure, the pre-tax figure is likely to be between £1m and £1.5m this year.

Now, Carron feels it is time to join the USM and it hopes to raise around £3m to pay off borrowings - its gearing is around 76 per cent and to fund working capital. A placing by Hambros Bank is expected to give the company a market capitalisation of between £10m and £12m.

Once on the market, Carron will be able to consider acquisitions - probably in the kitchen products area - and it has high hopes of expanding overseas sales, particularly in Europe.

The Carron issue will not come on tap until the new year, but what must surely be the last new USM issue of 1986 was launched yesterday. Mowat Group, the old WM Mowat & Sons, is joining via an introduction.

The Scottish company, which was incorporated back in 1901, got into trouble in the early 1980s, but was recently resuscitated via the injection of Peerglow Developments, a private developer run by Mr Brian Dunlop.

In the year to March 31 1987, the combined group made pre-tax profits of £454,000 on turnover of £5.5m. Brokers to the issue are W I Carr and Strauss Turnbull.

Philip Coggan

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	2.50	2.52	1.88	1.37	monthly	1	-	0-7
High interest cheque	4.80	4.91	3.62	2.63	monthly	1	1,000-4,999	0
High interest cheque	5.20	5.33	3.92	2.85	monthly	1	5,000-9,999	0
High interest cheque	5.50	5.64	4.14	3.01	monthly	1	10,000-49,999	0
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	4.00	4.04	3.04	2.21	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.33	3.15	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.52	3.29	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	4.90	3.56	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.17	3.76	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.36	3.90	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.56	4.04	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue♦	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3	-	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	5.83	5.98	4.51	3.28	monthly	1	2,500 minimum	0
Provincial Trust	6.38	6.57	4.95	3.60	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§								
5pc Treasury 1986-89	7.88	6.49	5.56	4.79	half yearly	4	-	0
8pc Treasury 1992	9.48	7.25	5.77	4.53	half yearly	4	-	0
10.25pc Exchequer 1995	9.93	7.19	5.36	3.84	half yearly	4	-	0
3pc Treasury 1990	7.21	6.35	5.78	5.30	half yearly	4	-	0
3pc Treasury 1992	7.40	6.50	5.90	5.41	half yearly	4	-	0
Index-linked 2pc¶	7.48	6.93	6.56	6.25	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in in pence unless otherwise indicated				
Abaco Invs.	72	70	54	188.31	Brit. & Comm.
Allebone & Son	120*	115	97	34.88	Charterhall
Anchor Chems.	638*	638	615	25.83	Air Products
Birmid Qualcast	300*	312	313	216.82	Blue Circle
Bramall (C.D.)‡	646.66†	600	548	87.09	Avis Europe
Brit Caledonian	972	–	–	200.00	Brit. Airways
Britoil	450*	409	294	2.27bn.	BP
Brown (M.)‡	660§	628	715	163.31	Scot & Newcastle
Dee Corpn.	224	226	172	1.98bn.	Barker & Dobson
Elect. Rentals	85	73	55	246.78	Granada
Equity & Law‡	455.6	445	350	457.42	C'pagnie du Midi
ERIC	405*	380	300	14.00	TR Energy Res.
Eucalyptus Pulp	623§	610	425	116.00	Ibstock Johnsen
Freemans	285*§	303	165	428.86	Sears
Hill Samuel‡	810*	801	684	777.00	TSB
Intl. Signal‡	150	143	219	256.14	Ferranti
Kingsley & Forest	59	58	51	17.74	Casket (S.)
M.K. Electric	550*§	693	550	206.49	RTZ
Minet Hldgs.	475*§	445	289	400.00	St. Paul Co's
Ratcliffe Inds.	107	109	138	8.69	Utd. Spring
Samuelson‡	180†	108	137	38.97	Eagle Trust
Storehouse	220	263	349	883.43	Benlox
Tod	260*§	256	220	29.64	Beazer (C.H.)
Tricentrol	145*§	165	99	134.66	ELF Aquitaine
Whouse& Rix‡	109.33†	86	91	13.08	J'son & Firth B

*All cash offer.†Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional **Based on 2.30 pm prices 18/12/87. ††At suspen sion. Shares and cash. ♦Releated to NAV to be determined. ♥Loan stock. ♣Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acatos & Hutch	Sept	12,250	(3,680)	25.9	(15.3)	8.5	(5.7)
Amber Day	July	155	(557)	0.7	(1.5)	-	(-)
Assoc Paper	Oct	6,810	(4,430)	22.6	(21.0)	8.0	(7.0)
Audio Fidelity	June	610	(129)	11.6	(2.1)	0.5	(-)
Bankers Invest	Oct	3,610	(3,400)	1.6	(1.4)	1.6	(-)
Bett Brothers	Aug	1,070	(849)	4.0	(3.2)	3.5	(3.2)
Borthwicks	Sept	2,100 L	(1,170)	-	(1.5)	-	(-)
Charterhouse	Sept	32,800	(19,680)	-	(-)	-	(-)
Chemring	Sept	3,850	(2,850)	62.0	(54.0)	18.6	(16.5)
Cifer	Sept	231	(42)	1.5	(-)	-	(-)
Control Tech	Sept	1,570	(1,260)	8.8	(8.6)	3.7	(3.0)
Craton Lodge	Sept	695	(605)	7.8	(6.4)	2.5	(2.2)
Crystalate	Sept	7,140	(6,750)	17.8	(16.1)	-	(-)
Devenish J.A.	Oct	9,060	(4,620)	17.8	(7.6)	3.0	(2.7)
English China	Sept	112,100	(90,400)	34.9	(28.4)	14.5	(12.5)
Grand Met	Sept	456,100	(367,700)	38.9	(32.1)	12.0	(10.2)
Hardys & Han	Oct	4,180	(3,670)	53.6	(45.5)	21.5	(18.7)
Hawtin	Sept	431	(356)	-	(-)	-	(-)
Johnson & Firth	Sept	5,620	(4,570)	4.0	(3.0)	1.5	(0.2)
Lee Arthur	Sept	4,130	(3,060)	9.1	(8.7)	3.2	(2.6)
Macarthy	Oct	5,600	(6,100)	27.7	(-)	11.5	(13.5)
Midsummer Leis	Sept	2,330	(1,080)	17.3	(13.1)	4.0	(-)
Nash Ind	Sept	1,000	(306)	9.0	(3.7)	2.5	(-)
Norton Opax	Sept	25,000	(5,200)	18.0	(9.9)	6.0	(3.5)
Perkins John	Oct	682	(281)	3.5	(1.7)	1.8	(1.2)
Plaxtons	Sept	1,490	(732)	7.6	(4.2)	3.0	(3.0)
Radio Clyde	Sept	916	(532)	-	(-)	-	(-)
Reliant Motor	Sept	153	(171 L)	-	(-)	-	(-)
Richards	Sept	1,300	(728)	7.9	(4.3)	2.6	(1.9)
Speyhawk	Sept	10,060	(6,100)	28.0	(23.4)	11.0	(10.0)
Thornton GW	Oct	732	(651)	12.4	(14.2)	3.7	(-)
Vaux Group	Oct	21,590	(16,620)	34.7	(30.6)	9.5	(7.9)
Viking Pack	Sept	957	(1,270)	6.9	(10.4)	3.5	(-)
Watson & Philip	Oct	2,630	(1,080)	12.6	(10.2)	8.0	(6.8)
Wheway	Oct	2,370	(1,900)	2.3	(2.0)0	0.6	(0.5)
Yorkshire TV	Sept	13,540	(6,500)	24.2	(16.1)	8.0	(6.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aim Group	Oct	1,540	(852)	2.2	(1.9)
Belhaven	Sept	4,500	(2,900)	0.45	(0.4)
Brasway	Oct	1,080	(503)	0.3	(0.2)
Bristol Eve Pst	Sept	2,980	(2,210)	3.0	(2.7)
British Land	Sept	23,500	(11,700)	1.4	(1.2)
Brookmount	Sept	2,340	(707)	1.7	(1.3)
Brown & Tawse	Sept	3,500	(2,000)	2.4	(2.2)
BSS Group	Sept	4,260	(3,980)	4.0	(3.2)
Business Mortgage	Sept	4,320 L	(808)	-	(-)
Caffyns	Sept	1,150	(520)	4.2	(3.2)
Celestion	Sept	276 L	(25 L)	-	(-)
ERF	Oct	1,600	(62)	2.0	(-)
Eve Construction	Sept	1,480	(1,304)	1.5	(1.5)
Explaura Holdings	June	14 L	-	-	(-)
Firth GM	Sept	1,630	(1,450)	1.5	(1.5)
FKB Group	Sept	1,360	(810)	-	(-)
Fuller Smith & Tner	Oct	3,220	(2,190)	2.2	(1.8)
Gibbs Mew	Sept	599	(563)	1.5	(1.5)
Glen Abbey	June	5 L	(186 L)	-	(-)
Graig Shipping	Sept	1,040	(354)	5.0	(5.0)
Greene King	Nov	5,890	(4,890)	2.2	(1.9)
Halma	Oct	3,880	(1,030)	0.6	(0.5)
Harris Philip	Sept	590	(545)	2.0	(1.9)
Hicking Pentecost	Sept	215	(131)	-	(-)
Israel Jack L.	Sept	617	(427)	-	(0.5)
Kingsgrange	Oct	1,120	(975)	0.7	(0.3)
Lister & Co.	Sept	1,500	(1,250)	1.0	(3.0)
London Merchant	Sept	7,230	(4,230)	0.8	(0.8)
Marina Develop	Sept	510	(102)	-	(-)
MS Int'l	Oct	1,300	(400 L)	0.7	(0.5)
Northamber	Oct	1,860	(1,010)	-	(-)
Palmerston Invest	Sept	185	(154)	3.0	(2.0)
Plysu	Oct	3,250	(2,600)	0.6	(0.5)
Porter Chadburn	Sept	158	(347)	0.5	(1.0)
Russell (Alex)	Sept	1,050	(1,710)	0.5	(0.5)
Scott & Newcastle	Nov	57,300	(41,260)	2.7	(2.4)
Swan John	Oct	155	(154)	-	(-)
Tops Estates	Sept	302	(121)	-	(-)
Vinten Group	Sept	1,200	(1,010)	1.2	(1.0)
Victoria Carpet	Sept	701	(561)	-	(-)
Whitecroft	Sept	4,820	(3,590)	3.4	(3.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. this years figures for a 18 month period.

RIGHTS ISSUES

Wheway have announced a £15.9m four-for-eleven rights issue at 27p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

British & Commonwealth have broke into the sterling debt market via an issue of £100m of 25 year loan stock.
Citygrove are to raise £8.2m via a preference issue.
Hatfield Estates are to join the USM via a placing of 750,000 shares at 100p.
How Group are to seek a full stock exchange listing via a placing.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Economic Forestry	Monday	-	-	-
Isle of Man Enterprises	Tuesday	-	4.5	-
Murton Brothers	Monday	-	-	-
Pericom	Tuesday	1.0	1.5	-
Reliable Properties	Monday	1.2	3.2	2.2
Spectrum Group	Monday	-	-	-
INTERIM DIVIDENDS				
Amalgamated Fin Invest	Tuesday	-	-	-
Batleys	Monday	0.5	1.8	-
Buckleys Brewery	Monday	0.9	2.3	-
Peel Holdings	Monday	1.5	3.2	-
Piston International	Tuesday	1.0	2.4	-
Sutcliffe Speakman	Monday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

هكذا من الأصل

Opec's swings and roundabouts

JUST FOR once, the falling US dollar was not the culprit. It was *freezing cold and just around* midnight on Monday in Vienna when the Opec ministers (Iraq dissenting) stitched together *their compromise* – to continue the production-sharing pact patched up last June. But it was a deal without a firm price, in deference to the Iranians who continued to insist on $20 a barrel.

Spot rates plunged around the world on Tuesday and Wall Street celebrated its best day

World Markets

since October 29 with a 66- point rise in the Dow to close comfortably above the 1,900 mark. A lower oil price was seen to be good *news* on the inflation front and, said the US markets, that had got to be good for equities.

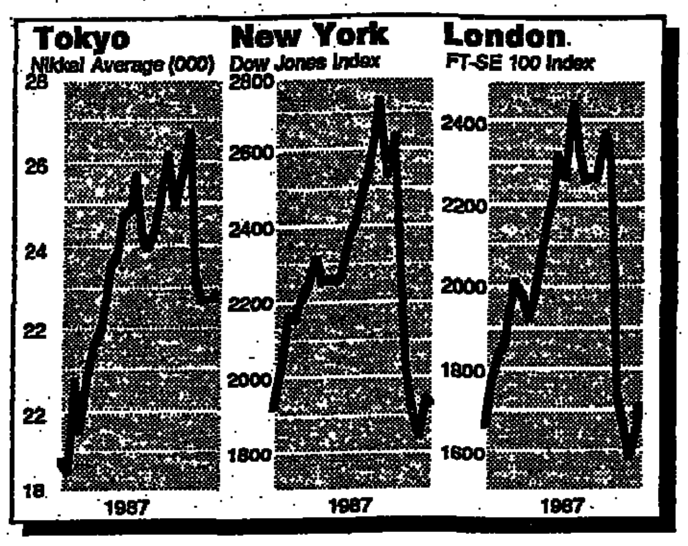
For *one day at least, market* analysts had shifted their focus from the declining dollar. Nowadays, they cover these Opec meetings as closely as the report*ers – and on site, too, in Vienna, clustered* in the city's top-class hospitality trio, the Intercontinental, Marriott and Hilton. Nightly room rate at Opec time: around $250.

For the analysts, it was money well spent. Market-makers and traders were well briefed overnight, the crucial word being that Saudi Arabia *had* given no firm signal that it would defend $18 a barrel. The world would be awash with oil come the spring, said the *experts*, and by Thursday Brent Blend, the key North Sea crude, was on offer at $15.15; the price on the New York Mercantile Exchange fell to $14.90 on the same day

Wall Street's advance on Tues*day was a real tonic on most* European markets when trading opened the following morning, gains being posted in Frankfurt, Paris, Amsterdam, Zurich and Milan. Tokyo alone seemed to stand out against oil being the *flavour* of the week as the market there struggled against a Y126 dollar.

London had its usual difficulty *in deciding whether a falling oil* price was a good or a bad thing and, in any event, the scene was confused by a rash of takeover moves – real and rumoured – involving variously Britoil, British Petroleum, Atlantic Richfield (ARCO), the Kuwait Investment Office, Tricentrol and the French Elf-Aquitaine group. By Thursday's close, the Footsie 100-share index had breached 1,700 for the *first time in five weeks.*

Takeover activity fuelled much of the rise – but it was halted abruptly just before noon yesterday when the British Government announced it would use its special blocking "golden share" to prevent any bidder gaining control of Britoil, just hours after BP had mounted a full bid.



The Opec deal (or non-deal) has its swings and roundabouts.Sterling might not be the petrocurrency of the North Sea bonanza years, but it still weakens on falling oil prices. The pound *has been pushing* uncomfortably against DM3 in recent weeks, with just a suggestion that Bank of *England* activity in the foreign exchange market has not been only in support of the dollar. A shade of pressure on sterling might not have been unwelcome to the UK authorities, albeit at some cost to the Treasury in North Sea revenues.

On balance, the UK market stayed cautiously optimistic. Economic data released over the week underscored the strength and buoyancy of the British economy, leaving analysts to again question whether London had not been oversold on fundamentals in the wake of the October crash. Warburg Securities has not changed its seemingly optimistic forecast of a year-end Footsie around the 1,900 mark. Others are less confident, but this week saw something of a consensus that a post-crash floor could have been reached in London.

One thing common to virtually all markets around the world has been volume - *or, rather, the* lack it! From Wall Street to Tokyo, London to Sydney, the story of the week has been much the same. Special situations apart, most market-makers have tended to square their books ahead of the festive season; individual investors, where dealing, have been selling into any rally.

Tokyo closed lower on the *week and below 23,000 on the* Nikkei, one dealer forecasting that "it's going to be a pretty soggy end of the year" – and that in a market which traditionally sees out the year in a bullish mood. And yet, the domestic background is far from discouraging. Third-quarter GNP figures indicate that overall economic activity in Japan expanded at an annual rate of 8.4 per cent after adjusting for inflation, and much of this came from domestic demand.

Nomura Research expects the expansion to continue in the coming quarters, although at a more modest rate, and sees little negative wealth effect resulting from the equity market "collapse" – a description which needs qualification when compared with, say, London and New York. Barring no dramatic shakeout over the remaining trading days of this year, Japan – as measured by the FT-Actuaries World Index – will end December some 50 per cent higher than 12 months ago.

FT-ACTUARIES WORLD INDICES

Country	% change from Jan 2 1987	US $ % change since Oct 19 1987
Australia	-3.4	-38.8
Austria	-2.8	-3.8
Belgium	-2.5	-11.6
Canada	+7.8	-6.1
Denmark	+14.2	-3.8
France	-12.6	-7.7
W Germany	-21.5	-15.6
Hong Kong	-16.2	-37.8
Ireland	+3.7	-28.8
Italy	-21.1	-12.2
Japan	+45.7	-1.5
Malaysia	+4.6	-31.7
Mexico	+9.0	-69.2
Netherlands	-4.5	-9.4
New Zealand	-24.2	-39.4
Norway	-3.9	-42.4
Singapore	-9.7	-36.8
S Africa	+39.4	-27.7
Spain	+27.0	-19.8
Sweden	+3.1	-21.3
Switzerland	-19.0	-16.4
UK	+27.7	-10.9
USA	-2.7	+6.6

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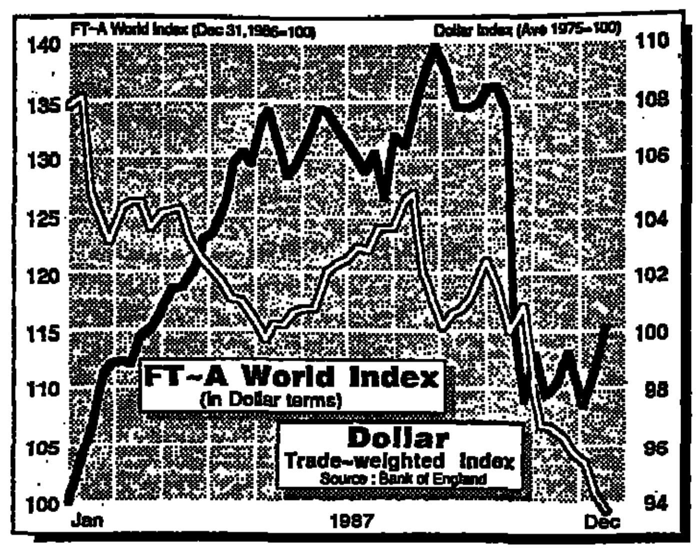
The problem, of course, remains the strengthening yen against the dollar and the risk for the Japanese exporting sector. This keeps the American currency at centre stage in Tokyo, as indeed it is in all markets despite being edged aside briefly early this week by the falling oil price.

As the week ended, the US Congress was nudging towards approval of the deficit-cutting package to replace the Gramm-Rudman across-the-board reductions, and the word out of Tokyo on Friday was for an early meeting of G7 ministers, or at least a holding joint statement when the Congress had finally done its thing.



Certainly, the 33 economists from 13 countries who released their statement this week on "Resolving the Global Economic Crisis" are not impressed by the Congressional package, describing it as "grossly inadequate." Their warning is quite stark: if suitable policies are not adopted quickly by the main deficit and surplus countries to allow a smooth adjustment of world imbalances, pressure will devalue the dollar further with the risk of an adjustment crisis leading to a world depression.

But 1988 is an election year in the US and most analysts there see domestic politics getting in the way of economic policy coordination and currency stabilisation. Yet, the 33 wise men insist that "their central message...is that the world does not have a further year in hand to wait for the US election."

And the rather chilling year-end scenario to overcome the political impasse? It came from Fred Bergsten, a Treasury under-secretary in the Carter Admistration, who now heads the Washington-based Institute for International Economics which released the economists' report. Said Bergsten: "A real dollar crisis or a second crash – and we could only too easily see both within the next six months – might do it."

Sorry I don't have anything more seasonally encouraging to offer FT Weekend readers in the last world markets roundup of 1987.

Dominick Coyle

Let battle begin again

WALL STREET is thick with expectation and foreboding. In the never-ending war between hope and fear, another mighty battle will soon begin. The forces of hope have managed to *regroup themselves after their* horrifying rout. The battalions of fear have failed to press home their victory.

As the opposing armies marshal their forces for the next elemental struggle, the banners of hope seem once again to be fluttering higher than the sullen standards of fear. As the dust settles on the battlefield, the *generals of hope can once again* discern the limitless vistas of opportunity which have inspired their glorious victories of the last five years.

From their high vantage point, they can make out again the outlines of the new Jerusalem just beyond the horizon. Cheap oil, low inflation, steady interest rates, bullish capital spending plans, and further aggressive corporate restructurings as US industry seizes the collapsing dollar as a weapon to take on the *world – these were the symbols* of the new Golden Age the mar-

Wall Street

ket first recognised early in 1985 as the dollar, interest rates and oil prices all began to fall at the same time.

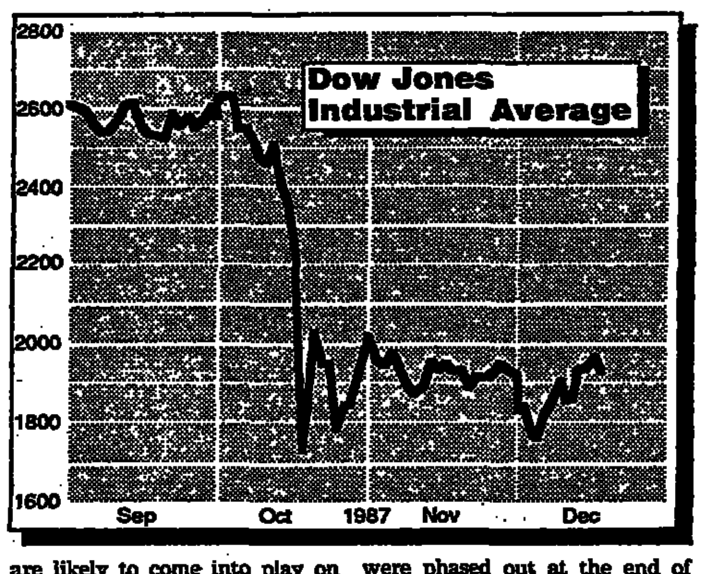
At the beginning of March 1985, when the dollar peaked at Y263 and DM3.44, the Dow Jones Industrial Average stood at 1,290. Between then and the climax of the bull market last August, the Dow soared by 115 per cent as manufacturing industry began to multiply its profits; while the collapse of oil prices simultaneously pushed interest rates downwards and offset the inflationary dangers of the currency decline.

Today, with Opec again *crumbling, the same favorable* conjunction of influences seems to be coming into play. Against such elemental bullish forces, the side of darkness seems to have little left in its armoury.

There have been bearish technical trivialities such as tax-related year-end selling and the fears of volatility at the triple witching hour - when stock options, index options and index futures all expire at the same time. Investors have understandably given these short shrift, against the revival of the old hopes for the Bull Market of a Lifetime.

As positive economic indicators have begun to flow in, suggesting that the October crash had no perceptible effects on business activity investment intentions or consumer spending, brokers are starting to talk of cancelling their Christmas holidays – not because of fears *about their end-year bonuses but* because of hopes that the last week of the year could see a further sizzling recovery as investors try to position their portfolios to profit from the surge of buying that is widely expected to begin on January 1.

It will be remembered, of course, that January 1987 was one of the greatest months in Wall Street history. Having closed at 1,896 on New Year's Eve, the Dow broke through 2,000 for the first time ever on January 8 and had advanced to the previously almost unthinkable level of 2,200 less than a month later. The surge that month was largely explicable by precisely the same factors which are likely to come into play on January 1 next year.



At the technical level, December 1986 had been a relatively weak month because of year-end selling to take advantage of the lower capital gains taxes which were phased out at the end of 1986. Everyone had been aware of this factor, but few had anticipated the immense pent-up demand for equities which would be unleashed as the tax season ended.

December this year is influenced by similar considerations. Investors who sustained losses in the market crash have a strong incentive to sell out before the year-end so as to offset these losses against profits made earlier in the year. Those who feel bullish about the market are widely expected to wait until the tax selling is over before committing themselves in earnest. *The strength of the market in* the last two weeks despite this negative influence has done much to inspire confidence in the return of the bull market.

At a more fundamental level, there are several more important developments to look forward to soon after the year-end. The US trade deficit. the one recent economic indicator which has proved *cruelly disappointing*, is hardly likely to deteriorate any further in the months ahead.

Even if it does, the signs are multiplying that a meeting of the Group of Seven finance ministers from leading industrialised countries will be called soon after the New Year to reaffirm some kind of deal on exchange rate stability. A G7 commitment to keep the dollar highly competitive against other currencies, while guaranteeing it against a free fall, would seem to offer the best of all possible worlds to the US stock market and the real economy.

All the signs that are now visible, in other words, point to good times for investors as the stock *market enters the new year*. But what about the signs which are not visible?

For anyone who remembers the atmosphere of euphoria and self-confidence which preceded the October crash, it might be sufficient to repeat Franklin Roosevelt's famous dictum in the midst of the Great Depression: "We have nothing to fear but *fear itself*." There are times when fear itself can be enough.

Monday	1932.86	+	65.82
Tuesday	1941.48	+	8.62
Wednesday	1974.47	+	32.99
Thursday	1924.40	–	50.07

Anatole Kaletsky

Four men, professional and amateur, tell **Barry Riley** what the future holds for the markets

The investors who beat the crash

THE BIG stock market event of 1987 was the crash of Black Monday, October 19, which saw a drop of more than 10 per cent in the Footsie index in a day and an eventual fall of 36 per cent from the July peak to the November low point. Many investors were aware earlier in the year that equities were getting uncomfortably expensive, but few had the foresight or the courage to sell into a booming market. *Here are the stories of* four investors, both professional and amateur, who beat the crash, together with their views *on what the future holds.*

THE SWITCHER

"Very few people treat cash as a positive investment," says John Smith, a partner in the Manchester stockbroking firm of Pilling. "If you've been in this market for a long time, a 100 per cent cash position is simply a way of saying: 'We've made good profits, let's consolidate'."

So, when the crash came, many of Smith's clients were sitting safely in cash. But he admits that his vision was less than crystal clear. "I've probably spotted five of the last two bear phases." He also went liquid in July, for instance.

Smith's secret is that a good part of his business consists of advising so-called "broker bond" funds which are invested in insurance bonds with a facility for free switching. Most of his trading is done in Guardian Royal Exchange or Scottish Mutual bonds, and he supplies investment advice to the insurance intermediaries who have sold these products to clients.

Although he also advises Pilling's own clients who have shares or unit trusts, Smith accepts that his active switching policy would be expensive for them because of high transaction costs. But where insurance companies offer free switching, he takes full advantage.

"Our record shows the benefits *of insurance bonds if used properly,*" he says. There were only minor hiccups when one or two insurance companies closed their books *for a day or two at the* height of the crisis.

What made Smith turn bearish? "I didn't really expect a 35 per cent drop," he says now, "but we were running defensive positions after the summer." On previous occasions, he had lost a few percentage points for clients when he was forced to buy back into the market at high prices. But on October 19 he hit the jackpot.

"It comes down to experience and confidence. It needs a jobbing mentality," says 39-year-old Smith, who has a degree in psychology and has been in the investment business for 14 years. He joined another Manchester broker in 1973, just in time to experience the 1974 bear market. This time, the 1987 crash brought him a bonus - he was granted his partnership in Pilling a week later, on October 26.

What now for his funds? Smith confesses that he is no strategist. For the time being *his* typical funds are 40 per cent invested. But he is frank: "I haven't a clue what will happen in the next few weeks."

THE TRUSTEE

Ray Mitchell and his fellow pension fund trustees at BBA did an unusual thing in the spring of 1986. "We took the advice of our advisers," he says. "We were

Ray Mitchell

being advised then that there was a lot of froth in the market." From an initial starting point of an exposure of more than 70 per cent in equities, the BBA pension fund started a determined drive into cash.

Mitchell, a former BBA finance director, is now group director for corporate affairs and chairman of the near-£100m pension fund's investment committee. "I had to argue the case," he says. "I knew there would be a correction sometime." But he admits: "We didn't get the timing quite right."

At that time, more than 18 about the high level of price-earnings ratios on equities in London and elsewhere. After consultation with his portfolio managers, Phillips & Drew and Ulster Investment Bank, he was especially worried about three *problems:* the US trade and budget deficits, the continuing Third World debt crisis, and the heavy drain of rights and privatisation issues on the resources of investors.

Mitchell decided that drastic measures were necessary, an attitude not common in the City of London which, he says, is "strong on advice and short on action." Over the rest of 1986 the BBA fund reduced its equity content to 25 per cent and built up its holdings of fixed coupon gilts, index linked gilts, property and cash.

This, Mitchell agrees, was a very uncomfortable position in which to be for the first nine months of this year. "We stuck to our guns, but sometimes we wondered whether we had got it right."

By October, the equity proportion had crept up to 29 per cent but the overall damage to the *fund from the crash was a little* under 13 per cent at a time when many funds may have lost more like 30 per cent.

Ray Mitchell remains cautious although, as a director of BBA which makes a variety of industrial products from motor components *to belting, he knows the* economy continues to be strong. The fund remains highly liquid and he fears a further market fall. "We will leave the fund in cash until we feel we know what the future holds," he says. "By July next year we should know whether a reession is around the corner or not."

THE DEVONIAN

William Fox has seen it all before. He first started studying the stock market in 1929, although it was not until the 1960s that he became a serious amateur investor with a fancy for commodity-based stocks. "I consider myself a specialist in timing," he says.

Early in October this year, Fox, a Torquay pensioner aged 75, came second in the unit trust forecasting competition run by Radio 4's *Money Box* programme but, to his frustration, his remarks in a recorded interview about an impending crash were largely omitted from the transmitted programme. However, he remembers warning Bill Stuttaford, the Unit Trust Association chairman, at the prizegiving lunch: "There's a crash coming any day now."

Fox remains extremely pessimistic about the bear market. "It's just started. It's going to go a hell of a lot lower yet and it will last for at least two years," he considers.

His successful tips for Money Box all were based on commodity-related recovery areas. In general, though, Fox had become bearish a full year before the *October crash. Starting with* 35 different equity holdings, he sold some every month and was left months ago, he was concerned

Graeme Knox

with only four when the crash came, mostly situations where he had been reluctant to take a loss.

Now he is battening down the hatches for the storm, with half his money in building societies, 30 per cent in index linked gilts and the rest in international currency funds which, he says, are his favourite investments at present. "The pound is heading for a fall," he says.

What are the reasons? "I've studied markets for 55 years. You learn something in that time." He attacks Nigel Lawson's cautious paring of interest rates ("he should have knocked them down by 3 per cent, for a start"). And he looks back to the policies of US President *Franklin D.* Roosevelt, whom he calls "the greatest man of my generation."

Meanwhile, William Fox is concerned at the number of small investors who have been lured into a vulnerable market. "I feel very sore," *he says.* "Small investors have been bullied and pushed. It's been a proper con trick practised by the media on small investors."

To add insult to injury, he has been rebuffed in his attempt to increase one of his few remaining holdings, the Australian group CRA. Showing a 50 per cent loss, he wants to average down. "But two banks wouldn't deal in under £2,000," he complains.

THE GLASWEGIAN

"The dedicated followers of fashion always get caught," observes Graeme Knox, the trenchant and independently-minded fund management chief of Scottish Amicable. "People don't get in and out at the top and bottom."

Knox, 42, is one of the UK's biggest institutional investors. He runs some £5bn from a brand-new high-tech dealing room in his Glasgow headquarters, half the money being in the main *life* fund and the rest in a variety of unit trusts,insurance bonds and pension funds, including a pooled pension *fund* cheekily called Scampi (Scottish Amicable Pensions Investment).

Scottish Amicable has been taking a cautious investment stance for two or three years now. Knox reckons that, going into the crash, the typical pension fund managed by Scottish Amicable had 10 percentage points less in equities (both UK and overseas) than the average UK fund.

But the early adoption of a defensive posture caused investment performance, which had been very good late in the 1970s and early 1980s, to fall off. "We've had an uncomfortable couple of years," says Knox. "But we are still in the top 10 per cent over 10 years."

Being light in equities has meant that it has been hard for Scottish Amicable to bid for new *pension fund* business during the bull market. It has won no new clients in the past year. Some pension fund clients have sought to drop the company *after recent* underperformance.

However, that was before the crash. One or two fickle clients have subsequently changed their minds and decided to stay. "Suddenly, we have been able to *pitch for new* business in the past couple of weeks," Knox reveals.

What about the outlook for 1988? "Personally I don't think we have seen the bottom," he says. Nevertheless, Scottish Amicable has started to go back into *UK equities. Knox feels there* could be a long sideways movement next year and is prepared to build up his slightly underweight equity *positions over* a period, although he thinks even better opportunities could arise.

Unfashionably, he has been a buyer *of US equities.* At the same time, he is now light in gilt-edged at a time when some *of his competitors* are building up in this sector. Elsewhere, he will let his heavy position in property run down somewhat.

Graeme Knox sees the main lesson of the October crash as being: "You cannot do anything after the turn."

Maturity Values on With-Profit Contracts taken out by a man aged 29, paying £30 a month gross.

	10 years Jan 1988 £	Jan 1987 £	Change (Jan-Jan) %	25 years Jan 1988 £	Dec 1987 £	Jan 1987 £	Change (Jan -Jan) %
Norwich Union	8,293	8,430	-1.6	50,393	50,295	48,198	+4.5
Comm. Union	7,784	7,485	+4.0	48,383	45,927	45,927	+5.3
London Life	7,437			40,557			

First shots fired

Eric Short reports on why two life companies have kept their bonus rates unchanged

*This week two major life assur*ance groups, Norwich Union and Commercial Union announced unchanged bonus rates - both *reversionary and terminal - on* their with-profits endowment and pension policies. CU also repeated a 10 per cent special reversionary bonus paid last year.

These unchanged rates were expected. So it surprising to read forecasts of a bonus war between traditional life companies over their conventional with-profits business.

Yet by the very fact that both companies kept their rates unchanged, they fired the first shots in what could turn out to be a bloody war in 1988.

The background factors behind the battle ahead are complex, but there are two main features.

First for the past few years, growth in conventional with-profits business has been confined mainly to contracts linked to the house mortgages. In the rest of the market, with-profits policies have been steadily losing out to unit-linked products.

Although traditional life companies have moved strongly into the unit-linked field, their organisation is still centred around conventional with-profits business. So there is keen competition to maintain a share of business in a declining market.

Now comes the second main influence - the Financial Services Act which comes into operation next year.

Most traditional life companies rely very heavily on the independent financial adviser for *their business. Under the Finan*cial Services Act, these advisers will be required to give best advice.

This means recommending the product most suitable to meet their client's requirements from the company they believe will *give the best returns over the life* of the investment - which may be several years in the future.

How an adviser can select such a company *is far from clear. It* would mean an in-depth knowledge of the financial strengths of all life companies - a task that *even consulting actuaries find* daunting.

Independent financial advisers as recently as 18 months ago tended to select the "best" life company on the strength of telephone number projections of current bonus rates. In the new financial services environment, they are going to stick with easy *—to—understand figures* - the company's existing bonus rate and the position of the life company in the performance tables.

So *bonus rates will be the* main weapon which life companies will use in the struggle for business. Increase the bonus rates, *especially terminal* bonus rates, and up goes the company's position in the performance tables, as well as implying to the adviser that the company *is* sound financially.

There is also a third factor.

Up to October, interest rates were generally lower than needed to support current bonus rates, but rising equity values *more than compensated in main*taining reversionary rates and improving terminal rates.

But with the recent slump in *the stock market this support* has been removed. The lower level of interest rates imply that reversionary bonus rates should be cut, *while the stock market* fall implies that terminal rates should be reduced.

However, some life companies *still have sufficient financial* strength to be able to keep bonus rates unchanged.

Norwich Union admits that the *October crash and its aftermath* wiped £1.4bn of its UK equity portfolio. But its underlying strength, and the 30 per cent growth from its substantial property portfolio, has enabled it to maintain not only the reversionary bonus rate but also hold the increase made during the year in its terminal bonus rate for long term contracts.

As such Norwich Union has *been able to virtually hold its* maturity payouts and should consolidate its existing position in the performance tables, as well as demonstrate its financial soundness.

Commercial Union has done even better. Not only has it maintained reversionary and terminal bonus rates, but it has *repeated payment* of a 10 per cent special reversionary bonus. The company emphasises that this is made from strength.

The net result is that maturity pay-outs have increased substantially and look like putting CU up among the top performers.

The days when independent financial advisers could dismiss proprietary life companies as being poor payers are over. *Under best advice, they will* have to pay close attention to these companies.

But what about a life company that has not got the financial strength to maintain its bonus rates. The prudent course is for actuaries to cut from strength, not from weakness, in which case the long—term prospects for the investor could be good in spite of the cut.

But financial advisers are almost certain to regard a bonus cut as the first sign of a life company running into trouble, unless every other life company is cutting rates at the same time. However the stance taken this week by Norwich Union and CU has made an overall reduction in bonuses very unlikely.

So actuaries with other life companies may well be tempted to keep rates unchanged for another year, when there are signs that an early cut should be made.

The lesson for intermediaries now is to examine closely whether a life company is declaring an unchanged rate from strength or from weakness. Such a decision could be vital to the eventual return for clients.

Meanwhile, how have investors in these two companies fared from the declarations?

The tables show that pay-outs by NU in January for 25 year contracts are slightly higher than in December, but well up from January of this year. However, the payouts for 10 year contracts are down slightly and about even for 15 year policies.

Hugh Scurfield of Norwich Union pointed out that payouts would have been higher but for the October crash. He warned that becuase of the past pattern *of investment yields, payouts on* 10 year contracts could be expected to go down, while those on 25 year contracts could be expected to continue *rising for some* years.

CU is offering higher payouts on all terms. If it keeps making these special reversionary bonus, the company could really be up among the top performers. The table shows the targets other companies have to meet.

For comparison we show current pay—outs from the troubled London Life.

What about new investors, who have been shunning with-profits policies as a savings vehicle?

NU's maturity payout on a 10 year contract represents a yield of 19 per cent free of tax, with quite a low investment *risk.* Until October that level of return was regarded as peanuts when compared with the 40 to 50 per cent return from a unit-linked contract.

Now that investors have been given a practical lesson in the level of risk attached to unit-linked investment policies, Hugh Scurfield hopes that investors will look afresh at what with-profits policies have to offer.

In the final stages

Eric Short explains the importance of A–Day and P–Day to investors likely to be affected by the Financial Services Act

WE ARE now entering the final stages of bringing in the brave new world of investor protection to be provided by the 1986 Financial Services Act.

This week, the Corporate and Consumer Affairs Minister, Francis Maude, announced the first of the important operative dates - Saturday, February 27, the so-called P-Day by which investment firms must submit their applications to be certain of some form of authorisation under the Act.

Second, the Trade and Industry Secretary, Lord Young, has given approval for the Securities and Investments Board (SIB) to recognise the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), making it the first self—regulating organisation to receive that status.

All this means that independent financial advisers now have a deadline by which to apply for authorisation and know officially where to apply — *not* that there was any doubt over Fimbra getting recognition despite the criticism levelled at it from all quarters.

Now it is decision time for intermediaries - do they remain independent or do they go over *to* the other side and become appointed representatives of just one company?

Just what does P—Day signify?

Essentially, all investment firms are being guaranteed that if they submit a complete application for authorisation before February *27* — and it must be **before** that date — they will get interim authority to carry on their business by the time the provisions of the Act come into force in April on what has been dubbed Appointed Day — or A-Day for short.

Although in theory intermediaries can wait until the end of February, there are practical reasons why applications to Fimbra should be made as quickly as possible.

Although Maude has not announced the exact date of A—Day, he said everything was on course for an April start. Thus, there is not much time between P—Day and A—Day, even if the latter turns out to be April 30.

Lord Elton, Fimbra's chair*man,* warned that this new timetable would leave much less time than hoped for processing applications — and he speaks from the *experience of his staff who have* found that the majority of applications have to be sent back because they are incomplete or filled in wrongly.

The message is clear. An application sent in at the last minute is unlikely to complete the process by A—Day.

So what is wrong with interim authorisation? Just three small but significant points.

First, there is the uncertainty over whether an applicant will get authorisation. Second, clients will not be able to take part in any compensation arrangements. Although these have still to be completed, it does mean in theory that clients have less protection than they should if there is any lack of action by the intermediary.

Third, the intermediary loses the benefit of the temporary delay in applying section 62 of the Act which gives clients the right to take legal action against the intermediary, or any other investment firm.

It has been agreed that its operation will be suspended for six months following A—Day to allow the situation to settle down and rules to be amended in the light of experience. But intermediaries with only interim authorisation do not get that *reprieve* and, until *full* authorisation has been granted, are vulnerable to clients taking action against them under Section 62.

However, an intermediary who delays his application beyond P—Day faces even more serious problems. He can submit his *application and wait patiently* for it to be processed. But if by A—Day he has not been authorised, he must cease investment business.

The longer the delay, the more pressure on intermediaries to become company representatives.

Fimbra warns that intermediaries cannot get around this procedure simply by submitting the forms with their names and addresses and claiming an appli*cation was made before the* deadline. It has to be a properly completed application to qualify.

And here lies the cause of the problem *for many intermediaries* — the form-filling.

The reason many became independent was because they could be their own bosses. Now, they are being pitched into a bureaucracy far more complex than that to which they were subject when employed.

Life company marketing managers say that certain intermediaries cannot complete a proposal form correctly first time. It has to go back at least once. Not surprisingly, Fimbra's multi-page forms has left them floundering.

The life companies supporting the Campaign for Independent Financial Advisers (Camifa) need a thriving independent intermediary sector in order to continue their existing marketing methods. So, to help intermediaries fill the forms, Camifa has produced a 30-minute video going page by page through the requirements of Fimbra.

Where does this leave the independent intermediaries? Frustated with the whole situation, if their feelings are reflected by *events last weekend at Oxford* where groups of local independent financial advisers decided to band together in a national *association.*

They claim that existing organisations have failed to represent adequately the views and feelings of the smaller and medium sized independent firms. They say the British Insurance Broking Association represents the major companies with strong general insurance business while the *Life* Insurance Association, with its membership split between independents and tied *agents,* has had to compromise in putting forward members' views.

According to Geoff Kangley, the acting chairman of the new body, *its first tasks are to* help independent intermediaries get authorised and to achieve changes in the structure of Fimbra *so that it represents the* small *life* and pensions intermediary who does not take clients' money.

● *Solicitors in England, Wales* and Scotland must in future be either independent investment advisers or simply introducers as the result of a decision by both the Law Society and the Law Society of Scotland.

Both claim that for a solicitor to become the representative of one life company or unit trust group would conflict fundamentally with his independence.

The decision will affect a considerable number of solicitors who have dealt with just three or our companies in recommending life contracts to clients. Many intended to become company representatives, mainly *because they felt it would be* a full-time job to operate as an independent covering the whole market.

Now, they must do just that or step aside and merely introduce clients to a life company, taking no further part in the advisory process.

One can see pressure building up for a change.

Going for gold

SCROOGE HAD it in one. Christmas is about giving and receiving money, however much time you *might spend selecting and* wrapping presents. Although it might seem a bit cold-blooded, many people — both receivers *and givers — prefer to tear away* the tinsel and get back to the real thing. To those in *real* need, there is no more welcome Christ*mas gift than a sum of money.*

But apart from the basic method of slipping some coins, *or notes,* into the hands of *grateful children, gifts of money* can also come in all kinds of different wrappings.

The nearest substitute to actual *money is gold coins. If* you are in a patriotic mood, this year for the first time you will be able to give a Britannia gold coin, produced by our own *Royal Mint.* Since its launch in October over 150,000 ounces of Britannias have been sold worldwide, *encouraged by a move away* from shares into tangible assets after Black Monday on the stock markets.

Britannia coins come in four sizes: one ounce, half-ounce, quarter-ounce and one-tenth ounce. The price of each coin fluctuates in accordance with daily movements in the gold bullion market and the currency market. The price of the one ounce coin is normally at a small premium above the London daily fixing price for gold, but the smaller coins tend to have rather larger premiums, so you cannot just take the one ounce coin price and divide by ten, although this will *give you a rough guide.*

Alternatively, if you think the design of the Britannia coin is a bit dull, there are plenty of alter*natives, ranging from the Ameri*can Eagle to the Canadian Mapleleaf, Australian Nuggets and even the Chinese Panda.

The problem with buying gold coins in Britain is that you have to pay Valued Added Tax, which puts up the cost considerably. You can legitimately avoid paying VAT by keeping the coins in an offshore bank, in the Channel Islands or Switzerland for example, but handing over a certificate of ownership hardly matches the clink of coins.

There is a variety of "paper money" presents you can give, whose appeal will be judged primarily on the scale of your generosity. *Banks and building soci*eties offer a whole range of gift cheques and vouchers.

However, you can afford to be more generous if you choose to make your gift to an individual or a registered charity, via a deed of covenant. With these the Inland Revenue helps you give, with the taxman playing the role of Father Christmas.

The important point is for the recipient to be a non-tax payer. You are entitled to deduct standard rate tax from the amount you give, and the recipient then claims it back from the Inland Revenue. But to get the tax back, *the recipient should not be liable* to pay tax, otherwise only some or possibly none of the amount you have deducted can be claimed. Therefore, *covenants are most suitable for children or* adults with very little or no income.

It works even better for charitable contributions. You can claim relief at your top rate of tax on covenant payments to registered charities, providing that the covenant is drawn up so that the payments are capable of lasting for more than three years For individuals, the covenant payments must last for more than six years or, in the case of *students,* until the child ceases full-time education.

There are a lot of restrictions. For example, parents cannot make a tax-allowable covenant to their own children, unless the child is over 18 years old or married. But a deed of covenant is ideal for gifts to grandchildren, godchildren or children of other relations and friends.

The Inland Revenue provides a special information pack, with the necessary forms, for deeds of covenants to students. You can also get deed of covenant forms from charities and insurance companies, already drawn up for you to fill in. In other cases you can do it yourself, but it is probably best to consult a *professional adviser.*

Remember too that if you are getting on in years, you can give up to *£3,000* a year and small gifts of up to £250 a person which will be exempt from Inheritance Tax, even if you die the following week.

Another tax free gift, available only to those over 18 years old, is a Personal Equity Plan (PEP). A wide variety of PEP schemes are on offer — at the last count there were nearly 150 different versions from over 80 companies. Contributions payable range from a minimum annual lump sum of £200 (or £20 monthly) to the maximum of £2,400, depending on which scheme you choose

Alternatively, less complicated, and possibly a better bet *in spite* of not having special tax-free concessions, are savings schemes to buy unit trusts and investment trusts.

Linking a savings scheme with a deed of covenant is a good way to provide a useful nest egg for *your favoured children, relatives* or friends while keeping the your own costs down.

John Edwards

Investor service

THE SEDGWICK insurance broking group has teamed up with *Fidelity to launch* a discretionary investment management service called Sims.

This is aimed *at relieving you* of the day-to-day worry of managing *your* money. You simply choose one of two portfolios offered and your cash is invested in appropriate unit trusts, offshore trusts and other managed funds.

The Growth portfolio is for investors wanting capital appreciation; any income received will be accumulated and not distrib*uted. The* alternative Income and Growth portfolio will seek to provide rising income as well as capital growth and will make *monthly* distributions.

Although Fidelity will administer the service, there will be no obligation *for the Sims* portfolios to be invested in Fidelity funds The annual management fee is 1 per cent of the value of the fund and the *minimum* initial investment for either portfolio is $10,000.

Meanwhile, *Fidelity* this week outlined its investment strategy for 1988. It believes shares will provide the best return over time but *that* a proportion of any portfolio should be put into fixed interest securities.

According to *managing* director Barry Bateman, the proportion should reflect the individual's attitude towards risk and need for income. In most cases Fidelity recommends a weighting of between 10 to 20 per cent, assuming that adequate provi*sions for cash* have been made.

Graham Nutter, the company's managing director of international investm*ents,* feels the direction of interest rates will be the dominant factor in coming months.

He recommends that investors should begin the year with major exposure to the UK.

J.E.

No sign of panic

HOLDERS of unit trusts have generally not panicked following October's stock market crash and its continued weakness in November. Most have sat tight, refusing to sell, while the more adventurous have seen buying *opportunities in lower markets.*

These are conclusions are drawn from the unit trust sales *figures for November issued this* week by the Unit Trust Association.

Redemption (sales) of units was heavy - £826.7m during the month - but not as heavy as in October which saw redemptions *of £895.7m after Black Monday.*

There are two possible explanations. Either investors in unit trusts appreciate the old adage that they are long term investments; or the speed and size of the market crash was so severe *that by the time they got around* to considering the position it was too late for remedial action.

Had the decline been more gentle, we could have had the paradoxical situation of more redemptions.

An even more surprising feature of November's figures was that people continued to invest strongly in unit trusts.

The amount invested during the month - £814m - might look low compared with previous months this year when investment exceeded the £1bn level, but it was on a par with that of November last year.

Evidently, many people agreed with the view that low markets offer buying opportunities, *although much of* the investment went into the classic bear market defensive funds - gold, commodities and gilts.

The most surprising statistic of all, however, was that the number of unit-holders continued to rise. *There was a net increase in* numbers of around 150,000 and there were 15 new trusts issued during November, a reminder that it takes months to arrange a launch.

Overall, although the industry saw a net outflow of funds for the first time since early 1980, it amounted to only £12.7m, a far lower figure than expected. But the industry itself is looking somewhat shell-shocked. Funds under management, which stood at £50.3bn only two months ago, have *now fallen to £34.6bn.*

It appears that when unit-holders do decide to cash in, they start with their overseas funds. Only at the end do they touch their UK funds. This policy seems to be based on senti*ment* rather than investment prospects.

Eric Short

• FINANCE & THE FAMILY •

A matter of ethics

ONE IMMEDIATE effect of the October crash has been that unit trust groups have become more reluctant to launch new funds. So, now is the time to digest the spate of funds that came on stream ahead of Black Monday and look more closely at what was being offered.

One area that showed signs of a boom was ethical investment, although this movement is still in its infancy compared with the US.

However, more and more UK investors are becoming concerned about where their money goes and what use is made of it and six funds appeared in Britain in the space of a few months earlier this year, all claiming to be ethical or socially responsible.

It is debatable as to whether these funds were launched because the managers believed in ethical investment or to exploit a new marketing opportunity. At least, all of them are watched closely to ensure they are not tempted off the straight and narrow ethical path.

But although fund managers are quite used to having their performance monitored, it is a new experience to have their investment objectives and criteria scrutinised as well.

The Ethical Investment Research Service (EIRIS) was formed in 1983 by Peter Webster, now its executive director. Its aims are:

- To provide information for investors on a wide range of ethical issues.
- To identify forms of investment that will meet certain non-commercial requirements of particular investors.
- To promote a wider understanding of, and debate on, matters of corporate responsibility.

Increasingly, EIRIS is becoming the watchdog for ensuring that UK companies adhere to guidelines or restrictions based on ethical grounds. One prime example is how it monitors companies operating in South Africa over the level of wages they pay to black workers.

Now, it has broadened its role to monitor ethical funds and provide information on them to potential investors.

Ethical investment – a term used very loosely – can range from backing British companies and banning investment in South Africa and other countries with repressive regimes - the philosphy of Unity Trust for its new personal pension - to a complete boycott of companies involved in such things as armaments, alcohol, tobacco, gambling, nuclear processing, pornography, polluting the environment and using animals for research or product testing.

The first report* on this subject from EIRIS sets out to provide a guide to ethical funds.

The company sent a detailed questionnaire to all existing funds asking for their investment objectives and policies plus the membership of advisory panels and reference committees.

It wanted to know where investments were made, how people could keep in touch with the fund's investment decisions and the holdings in its portfolio, and if they could find out where managers draw the line in particular cases.

The findings are in the report, which shows clearly which funds would come closest to fulfilling specific requirements as well as having useful information on charges.

This latter point not only helps investors but shows what profits the management groups are taking from the funds and who benefits. Excessive profits can be regarded as socially unacceptable.

EIRIS intends in future to monitor the published portfolios of these funds and compare them with the laid-down investment criteria, and also hopes to monitor investment performance. Fund managers have been warned.

* *Choosing an Ethical Fund - the EIRIS Guide. Available from Ethical Investment Research Service, Bondway Business Centre, 71 Bondway, London SW8 1SQ. Price £2.*

Eric Short

Keeping faith with unit trusts

DESPITE the crash in October, 1987 has been the year of the UK unit trusts. They benefited from a dramatic bull market on the London stock market during the first half of the year and have not been hit as hard as some sectors since Black Monday.

For the six months from January to end-June this year, the UK equity sectors of the unit trust industry dominated the field. Investors in the average UK General, Growth or Equity Income sector trust saw gains of 34.3 per cent, 44.9 per cent and 36.3 per cent respectively. The top-performing funds showed offer-to-bid returns of 62.1 per cent, 85.3 per cent and 56.4 per cent.

Over this period, six sectors produced average growth of 30 per cent-plus. The other three were Mixed Income, Financial and Property Shares, and Commodity and Energy.

For the six months to December 1, by contrast, not one sector has a positive average return. The formerly brilliant UK sectors had average performances of -25.8 per cent, -28.3 per cent and -21.8 per cent respectively.

For the investor who bought UK units on January 1 and was sitting on a profit in excess, perhaps, of 50 per cent by July 1, the slashing of that profit back to zero or below simply wiped out the benefit of a year of investment.

Other top-performing sectors over the year's first half were Financial and Property Shares (top performer 65.5 per cent); Commodity and Energy (62.2 per cent); Australia (49.7 per cent) and Mixed Growth (50.9 per cent).

The first three of these are classic examples of volatile specialist fund performance. They are among the six sectors which made average losses of more than 30 per cent over the six months to December 1. So, anyone unfortunate enough to have bought at the top will have learnt a hard lesson.

Australia was the best performer among the geographical sectors during the first half. International Growth also had some good performances before the October crash hit markets worldwide, with the previous high fliers – Australia, Hong Kong, Malaysia and Singapore – recording some of the biggest losses and wiping out gains earlier in the year.

Some other overseas markets produced some sad figures even during the first six months, notably Europe where the sector average was -5.9 per cent at the half-year.

What is the picture for those who have their money in units for a year or more? Here, things look somewhat brighter, at least for investors with an above average-performing UK unit trust. Comparing average one-year performances to the start of October, November and December, all sectors except gilts show a decline - from over 50 per cent down to 0.9 per cent growth in the case of UK General.

The point, though, is that quite a high percentage of the UK trusts are still in the black. Of the 74 trusts in the UK General sector, 33 showed a positive one-year return at the start of December. So did 89 of the 160 UK Growth trusts and an impressive 92 of the 106 Equity Income trusts.

Gilt trusts largely were unaffected by the decline, the Income sector showing nearly 14 per cent average growth for the year to December 1 and the Growth sector 6.3 per cent.

While the defensive qualities are obvious, and the one-year return on gilt income trusts to December 1 is better than any other sector, growth possibilities once the market turns round are not nearly as impressive as could have been got with an equity income trust.

Investors in the average US trust had a 15.4 per cent one-year increase to October 1 but were sitting on a loss of just over 30 per cent on December 1.

Japan trusts, which had an average 13.4 per cent gain at October 1, have held up reasonably well. The average one-year holding at December 1 showed a loss of less than 5 per cent. If you had sought to spread your investment by using an international trust, your one-year gain of 30 per cent at the start of October would have turned to a loss of just under 20 per cent.

Among the equity sectors, UK income trusts have survived the crash impressively. Investors in Wellington Income, the top performing fund over one year to December 1, would have made 41.9 per cent growth on a year's investment.

The secret of Wellington's success was a judiciously timed pool of liquidity. Fund manager Stewart Newton describes Wellington Fund Managers as "quite cautious as a house" and admits that the fund itself is small - under £1m at the time of the crash.

Wellington Income was 35 per cent in cash on Black Monday for two main reasons: an influx of money from new investors, and because of a strategic selling session in which the fund took profits on some of its successful smaller company holdings. The rest of the smaller company proceeds was moved into larger, higher yielding, more defensive stocks.

The trust is now 90 per cent invested, and for the six months ahead Newton sees the market as "not a wild buy or a wild sell." He feels there could be a "strong technical rally" and volatility can be expected.

The value of income trusts has been proved before in years of indifferent growth, but not in quite such severe conditions as those imposed by the October crash. With so many income trusts still showing positive one-year figures the lessons are, perhaps, that short-term events should not panic investors into forgetting their longer-term returns. But, given the uncertainties of the immediate future, now is the time for a regular savings plan investment in an income unit trust.

Christine Stopp

Take a stake for charity

John Edwards on the methods and motives for the FT Readers' Race

The Great Investment Race

CHARITY is always close to the heart at Christmas time, so now is an ideal time to consider your entry to the FT Readers Race, testing your skill at investing and giving you the chance to win £5,000 while contributing to charity.

The second Great Investment Race, in which nine management teams will seek to raise the most they can for charity with an initial stake of £55,000, started on December 10. But the parallel FT Readers Race, in which readers are invited to pit their skills against the experts by compiling their own portfolio of shares using a mythical £55,000, is just getting under way. Closing date for final entries is January 31, but the Christmas period may be a good time for many readers to have sufficient time to work out their strategies to beat the experts.

The first entry form and list of the FT-SE 100 index from which to choose your portfolio is published this week.

There is a bit more skill involved in this, the second Readers Race. This time you have to choose a portfolio of five shares from the FT-SE 100 stocks, as listed in the accompanying table, which you consider will provide the best return during the next year until December 9 1988 when the Great Investment Race ends. You cannot, as in the first race, put the whole stake - now increased from £35,000 to £55,000 - into one single share. You have to spread the £55,000 in units of £11,000 among five shares.

This is in keeping with the concept of creating a portfolio, rather than having a punt on a single share, especially during a bear market when it seems essential to spread your risk. Predicting the FT-SE 100 index is a tie-breaker in case many readers choose the same winning portfolio of five shares. In that event the winner will be the one who has the closest correct forecast of the FT-SE 100 index.

At the same time, because the FT, in order to encourage more continuous interest in the Readers Race throughout the year, is donating quarterly prizes, you also have to guess the FT-SE 100 index not only at the end of the race on December 9, but also at the end of March, June and September. 1988 is the FT's Centennial Year, so special prizes to help celebrate this event will be awarded.

Prudential/Holborn, sponsors of both the Races, have generously doubled the prize for the Readers' Race from £2,500 to £5,000 worth of Holborn unit trusts, so there is a very worthwhile prize if you win. But the main objective of the Race is to raise money for charity. All the money raised will be donated by Charity Projects - organisers of the Great Investment Race - to charities for young people who are disabled, homeless or have drink and drug problems.

The special attraction of Charity Projects, which helps provide money to organisations unable to afford their own fund-raising exercies, is that 100 per cent of the money contributed goes direct to charity. There are no deductions at all for administrative costs, which are borne by other supporters.

There are no restrictions on the number of individual entries made by readers. You can send in as many entry forms (with different portfolios of five shares) as you like, providing that each is accompanied by a cheque or postal order for £10 made payable to Charity Projects and sent to the Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. All envelopes should be marked "Great Investment Race" to help our postal department send them to the right quarters. Simply put the numbers of the five shares chosen, as listed in the accompanying table, in the separate five boxes at the top, and your FT-SE 100 index estimates in the four boxes below. The entry number box is for use by the organisers to identify individual entries.

We cannot supply receipts, or acknowledgments of entries. However, if your cheque or postal order is cashed you can assume that it has gone to Charity Projects and has been donated to charity. Your entry number will be listed and you are then in with a chance to win the Readers Race and £5,000, or one of the quarterly prizes.

FT READERS (GREAT INVESTMENT) RACE

	Listed number of share from FT-SE 100 as shown in accompanying table				
Portfolio of five shares chosen from FT-SE 100 under					
	Estimate of FT-SE 100 Index at.....				
Entry number (do not use)	March 31,1988	June 30, 1988	Sept. 30,1988	Dec.9,1988	

FT-SE 100 Companies with prices as quoted in the December 10, 1987 issue of The Financial Times

1. Amstrad Consumer Elecs. (115)
2. Allied-Lyons (329xd)
3. Argyll Group (178xd)
4. Assoc. Biritish Foods (300)
5. ASDA-MFI (159)
6. BAA (90xd)
7. BAT Inds. (411)
8. BET (221xd)
9. BOC (378)
10 BPB Inds. (237xd)

11 BTR (270)
12 Barclays Bank (445)
13 Bass (785xd)
14 Beecham (429)
15 Blue Arrow (88)
16 Blue Circle Inds. (304)
17 Boots (223)
18 British & Commonwealth (282)
19 British Aerospace (318)
20 British Airways (138)

21 British Gas (127)
22 British Petroleum (250)
23 British Telecom (206)
24 Britoil (277½)
25 Bunzl (157)
26 Burton (224)
27 Cable & Wireless (315xd)
28 Cadbury Schweppes (237)
29 Coats Viyella (248)
30 Commercial Union (325)

31 Consolidated Gold Fields (883)
32 Cookson Group (461)
33 Courtaulds (330xd)
34 Dee Corp. (160)
35 Dixons (207)
36 English China Clays (375)
37 Fisons (243)
38 General Accident (788)
39 GEC (155)
40 Glaxo Holdings (£10⅝)

41 Globe Invst. Trust (126)
42 Granada (282)
43 Grand Metropolital (403)
44 Great Universal Stores (£10½)
45 Guardian Royal Exchange (773)
46 Guinness (274)
47 Hammerson properties (440)
48 Hanson Trust (121½)
49 Hawker Siddeley (410)
50 Hillsdown (250)

51 Imperial Chemical (£10 1/16)
52 Jaguar (275)
53 Ladbroke (314)
54 Land Securities (440)
55 Legal & General (249)
56 Lloyds Bank (233)
57 MEPC (429xd)
58 Marks & Spencer (177)
59 Maxwell Communications (206)
60 Midland Bank (362)

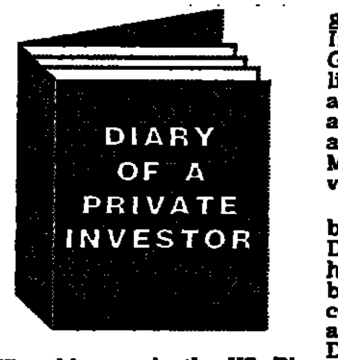
61 Nat. West Bank (533)
62 Next (269)
63 P & O (479)
64 Pearson (635)
65 Pilkington Bros. (197)
66 Plessey (137xd)
67 Prudential Corp. (788)
68 Racal Elecs. (214½)
69 Rank Organisation (511)
70 Rank Hovis (306)

71 Reckitt & Colman (748)
72 Redland (389xd)
73 Reed (369)
74 Reuters (417)
75 Rio Tinto Zinc (323)
76 Rolls Royce (105)
77 Rothmans (373xd)
78 Rowntree (400)
79 Royal Bank Scotland (323)
80 Royal Insurance (373)

81 Sainsbury (222xd)
82 Sears (148½)
83 Sedgwick (189)
84 Shell Transport (985)
85 Smith & Nephew (135)
86 Standard Chartered Bank (463)
87 Standard Tel. & Cables (210)
88 Storehouse (107)
89 Sun Alliance (770)
90 TSB (107)

91 Tarmac (208)
92 Tesco (151)
93 THORM EMI (552)
94 Trafalgar House (298xd)
95 Trusthouse Forte (199)
96 Unilever (460)
97 United Biscuits Hldgs (255)
98 Wellcome (377)
99 Whitbread & Co 9274)
100Woolworth Hldgs (261)

Buying Mickey Mouse shares



"DADDY," said Kimberley, my three-year-old daughter, "I've got some money here for you. You can buy your own shares for Christmas with it. But you can only buy shares that will go up." She then solemnly handed me a 20p coin. Perhaps she once overheard me talking about penny shares, as she has much more thqn 20p in her NatWest piggy-bank.

If Kimberley were older, for Christmas I would have bought her a copy of Michael Walters' excellent book, How to Make a Killing from Penny Shares (published by Sedgwick & Jackson, £5.95).

I explained that it was not possible for me to guarantee to buy only shares that went up. Although I have had some quite good successes, and my share dealings so far this year still leave me in profit, some of my failures, (like Midsummer Leisure, bought for 500p each in September, which has plunged to less than 280p) have been awful.

I want to encourage Kimberley's interest in finance and business, so I decided it was time that she and her six-year-old sister had a direct shareholding in a company that they could relate to. I have, therefore, used some money provided by a relative to buy them 150 shares in Walt Disney, as one of their Christmas presents.

The shares are registered in what one of my brokers describes as a "bad marking name" – which is actually my name and then "Account K and J" (the initials of my daughters) after it. This ensures that at least my children will actually see the share certificate and receive direct from the US the company's reports, rather than having these documents held or forwarded by a nominee.

There are lots of Disney films on TV at Christmas. As they watch a few of them, they will realise (I hope) that the TV companies have had to pay Disney for the TV rights. With the US dollar having declined so much recently, many more people are likely to take a holiday in the US and visit Disneyworld. Indeed, my daughters know that we will be going there again next summer.

I plan to turn the trip into a mini-educational exercise, as we "look over some of Disney's assets," and, as we queue to go on some of the rides, I can tell my daughters that the waiting is worthwhile, as it means more paying customers for the company. I expect the fall in the value of the dollar will make many Americans think twice about a holiday abroad in 1988 and they will stay in the US and visit Disneyworld instead.

The Disney share price has fallen from a 1987 high of $82 to around $54 - so I hope it will not fall much further, especially considering the "life" of its products. The 1950 reissued Cinderella film has already taken more than $18m at the cinema box office this year in the US. Disney's "adult" films also seem to be doing well, and the Japanese like Mickey Mouse so much there is even a Disneyland in Japan.

Anyway, I shall tell the children that the shares are intended to be a long-term investment and hope Kimberley will not complain too much if the shares go down.

Last year, I bought at an auction a lordship of the manor for my wife for Christmas. This year, I have not been able to think of anything so unusual, and have settled instead for a variety of gifts, including a pendant from a London jeweller's owned by Toye & Co. As a shareholder in Toye, I gained a 15 per cent discount.

For a young relative just starting out on investment, I have bought a copy of what I believe is the best beginner's guide currently available: The Investor's Chronicle Beginner's Guide to the Stock Market (published by Penguin, £3.95). I have also bought him a copy of another good book of investment advice: The Zurich Axioms by Max Gunther (published by Souvenir Press, £8.95).

My wife seems to have been buying lots of presents from Debenhams. As she is a shareholder in the Burton Group, she benefits from a 12.5 per cent discount on most of her purchases at the group's stores, including Debenhams. It is a pity that Harvey Nicols (part of the group) seems rather disappointing this year. Perhaps Burtons should float Harvey Nicols as a separate company and we could then buy shares in the new company which would offer discounts to shareholders and go back to being the most stylish and "different" large store in London.

To keep me cheerful over Christmas, I believe my wife has bought me a copy of Paul Erdman's latest novel, The Panic of '89 (published by Sphere, £2.99).

Its back cover describes the book as "a combination of ruthless financial machination, searing political power play, and suicidal terrorism threatening to trigger the greatest economic catastrophe the world has ever known."

Kevin Goldstein-Jackson

BRIDGE

MY FIRST hand today comes from teams-of-four:

```
            N
            ♠ J 8
            ♥ 8 4 3 2
            ♦ 9 7 6 3
            ♣ K 9 6
W                       E
♠ K 7 2                 ♠ 10 6 5 4 3
♥ Q J 10 9 5            ♥ 6
♦ J                     ♦ Q 10 8 4 2
♣ A 7 3 2               ♣ 5 4
            S
            ♠ A Q 9
            ♥ A K 7
            ♦ A K 5
            ♣ Q J 10 8
```

The bidding was identical in both rooms. South dealt at game all and opened with two clubs, North replied two diamonds and South rebid two no trumps, showing 23 balanced points. North had just enough to raise to three no trumps, which ended the auction.

In one room South won West's queen of hearts with his king, and returned the knave of clubs, which held, and followed with the queen. West correctly withheld his ace again, and dummy's king took the trick. The declarer, realising that he could not enter dummy again, played the knave of spades and ran it. The king won, West forced out the ace of hearts, waited to take his ace of clubs, and beat the contract.

To take the spade finesse, while West still had the club ace, was a bad error. In the other room South won the heart lead and played clubs until West took his ace on the third round. Winning the heart knave in hand,he cashed the last club. He knew that West had started life with five hearts and four clubs. H. then cashed ace and king of diamonds, and West showed out on the second round, discarding the two of spades. Declarer threw West in with a heart and took the last two tricks with his ace and queen of spades. Very simple, and very competent.

The second hand occurred in a rubber:

```
            N
            ♠ 6 4 2
            ♥ 9 7 5
            ♦ A Q 10
            ♣ A 7 5 2
W                       E
♠ K J 9 3               ♠ Q 10 7
♥ 8                     ♥ Q J 6 2
♦ 8 6 3 2               ♦ 7 5 4
♣ Q J 9 6               ♣ 10 8 4
            S
            ♠ A 8 5
            ♥ A K 10 4 3
            ♦ K J 9
            ♣ K 3
```

South dealt at game to North-South and bid one heart. North said two hearts - some might prefer one no trump - and the opener went on to four. West led the club queen, taken by the king, and the declarer cashed ace and king of trumps. When West showed out on the king, South apologised to his partner and said that he must go one down.

"That was a terrible exhibition," said North. "Why didn't you make a safety play in trumps?"

North was right. After cashing the ace of hearts, South should continue with the three to dummy's nine. East takes with his knave and switches to a spade. The declarer wins with his ace and crosses to dummy with a diamond, returns the last heart and can pick up East's queen by finesse. Very elementary - there was no excuse for South's play.

But there is more to it. Even after his mishandling of the trumps, South can get home by a coup en passant. At the third trick he cashes the club ace, ruffs a club in hand, and then runs off his three diamond winners, finishing on the table. He leads dummy's last club,and East is helpless - he cannot prevent declarer from scoring his 10 of trumps. I wonder what North would have said if he had realised this?

E P C Cotter

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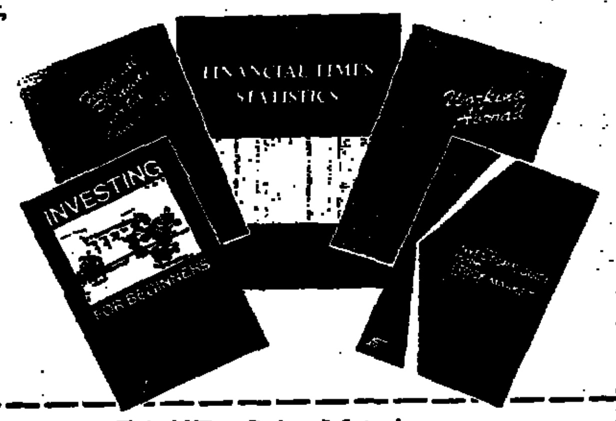

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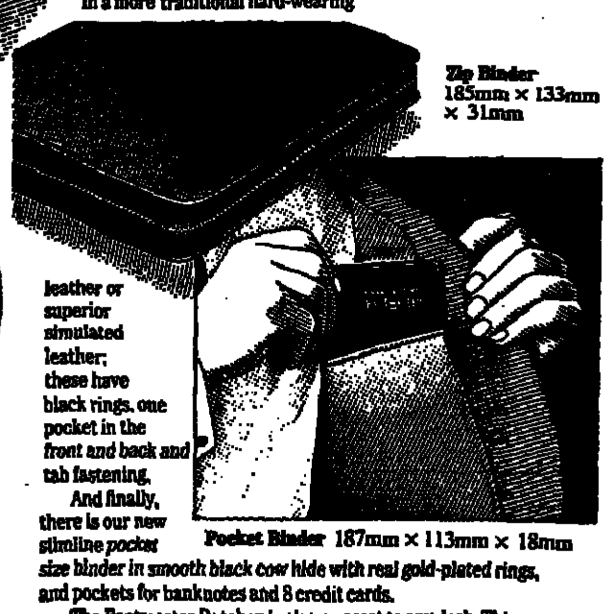

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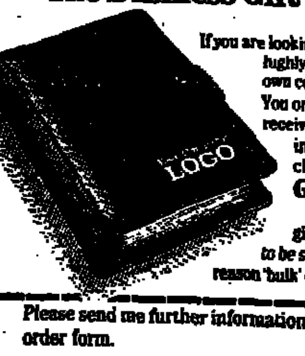

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• FINANCE & THE FAMILY •

Potential clash of wills

I read with some concern the letter "A tale of two wills" (October 17, 1987). I have been working in Germany for 17 years and pay German taxes. I have paid no UK tax during this period.

Recently I made a will in Germany leaving my house and possessions to my wife and my wife made the same will, vice versa. This was because, under German law, the children automatically inherit a proportional part of our house, ie my wife would get half and our two children one quarter each of the property. This could later leave my wife with the problem of paying off the children in cash if she wanted to remain in the house and my children wanted to have their own share to purchase a house of their own. This would prove difficult for myself or my wife.

When I went to the UK this year I made an English will covering my English estate, all of which is in the form of British stocks and shares. My English will is made out so that these investments are to be managed by my bank until my wife dies and my wife is to have access to the income as long as she lives. The UK investments are in my name and are free of UK tax.

Am I to understand that, in your reply to the above mentioned letter, that only land can be safely willed as I wish and that my investments in the UK will all go to my wife when I die, thus breaking up the portfolio which will be managed by my bank? In other words, is my UK will not worth the paper it is written on?

No, the position may not be as bad as you fear. You may be domiciled in the UK despite your long residence abroad and, even if not, the law of your country of domicile might accept the efficacy of your English will for assets situated in the United Kingdom. Your domicile depends on where you regard your permanent, ultimate home. If you have not acquired a domicile of choice in the Federal Republic you would probably retain your English domicile of origin.

Taken to account

When my mother died in July 1985 all her estate went to my father, who is still alive, with the exception of nine blocks of shares which he, on her behalf, passed to my sister and myself under a "deed of family arrangement."

My father was executor of the estate, jointly with his accountant. As my father lost interest in his business affairs all the work has been left to the accountant, though with such simple arrangements I cannot think it was too arduous.

However, to date my sister and I have received only three of the nine shares to which we are entitled and since July 1985 all the dividends have been paid into our father's account, along with his own. I understand we will have to pay taxes on these dividends and although our father will undoubtedly repay the money to us when we explain the situation to him, we have lost any interest that we might have earned.

Is such delay normal? I might add that we have only received the shares since we advised the accountant that we no longer wished him to handle my father's affairs and appointed another accountant in his place. In other words - fired in July, a little bit of action since.

Has the accountant been negligent in allowing the dividends to go to my father all this time? Has he been negligent in not transferring the shares?

We have paid a tax bill relating to this inheritance which included about £500 interest charge for non-payment. Are we entitled to try to reclaim this from the accountant?

It seems likely that the delay is too long, that the dividends have been negligently allowed to be channelled in the wrong direction and that the delay in paying inheritance tax was unnecessary. You should get your new accountant to examine these areas and to raise such claim as he advises may be made against the previous accountant.

Explanation wanted

Early this year I opened a traded option account. I received a contract note for 17 Amstrad call options (sold by me) to expire June 1987.

On the expiry date the shares were below the expiry price. I have written four letters to the brokers for an explanation, but still have not received a single response to my letters. I wonder what action to take to at least get an explanation from them and to find out if I am entitled to the money.

You should contact the Surveillance section of the London Stock Exchange if you still have not had any satisfactory response from the brokers. You should supply copies of your correspondence with the brokers. The address of the Stock Exchange is: London EC2N 1HP.

Money in Italy

I recall seeing in an issue of the FT some time ago, a report that the Italian authorities were about to ease the problems of transfer of bank deposits held in Italy to other countries.

Has this come about yet? If so, how would one go about transferring a sum of money held in lire in an Italian bank to the UK or to the US, please?

Discussion with Italian bank officials can be very trying and the rules about the transference of lire to other countries outside Italy appear to have been strictly enforced.

What is the best way of transferring US dollars from a USD account in the US to a sterling account in the UK? i.e. is it more advantageous to ask the US bank to convert to sterling and transmit the money by telegraph or to lodge a USD cheque with a UK bank and rely on them to clear it?

I have found US banks to be rather inefficient in some ways and there is only a small branch bank in this village so there is no easy way to deal directly with the bank's HQ.

If you are a UK national and not an Italian resident and the lire held by you in Italy derives from an Italian investment or are earnings from employment or sources rendered in Italy, there is practically no restriction on the remittance of these lire to the UK.

If, however, you are a UK national and resident in Italy, you will be subject to the same restrictions which apply to Italian residents as to the monies deriving from investments, emkployment or sources in Italy, but there are practically no restricions as to any income deriving from non-Italian investments, employment or services.

The Italian banks are particularly scrupulous on the transfer of funds as they are answerable to the Exchange Control Authorities and thus tend to raise all sorts of difficulties unless the case is straightforward.

We would suggest that you contact someone who is competent to deal with Italian Exchange Control regulations and supply them with the relevant facts. That advisor would then act for you and see to it that the banks overcome all obstacles to the correct and legitimate disposition of the funds.

With regard to the subsidiary question regarding US Dollars, you should instruct the US Bank and give them your instructions. They can arrange for the funds to be transferred to their correspondent bank in this country. There will, however, be a charge for the transfer.

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

CHESS

SUCCESSFUL tournament chess organisers need sensitive antennae for the flavour of the month, the grandmaster or rising young player who will excite media interest the most. In the 1960s, it was easy: Bobby Fischer headed the cast list and could be relied upon to squabble with the organisers, walk out in mid-event or win with a massive score, all the while uttering quotable one-liners and outclassing opponents with brilliant attacks.

When Fischer abandoned chess Karpov and Korchnoi became the desirable celebrities, followed soon after by teenage prodigies like Kasparov and Short. Most recently, the name of the game has been to collect several of these stars within a single event, as was achieved notably at Brussels Swift early this year.

After four title matches, however, Karpov and Kasparov have become like two tired heavyweights boxing each other to a standstill; Short still lacks world championship credibility; while Korchnoi and Boris Spassky have been around the circuit for a long time.

This summer Biel, Switzerland, hit on a new concept. The Credit Suisse World Mixed was a test of how women players compare against men with similar FIDE international ratings. Six Swiss masters took the field against a female team drawn from six countries.

Although the male team won convincingly, the only fair conclusion was that FIDE's recent decision to give almost all women players an extra 100-point rating increment was too optimistic: 0 points would have been more accurate.

More significantly, two of the outstanding performances in the Credit Suisse were by female competitors. Sweden's Pia Cramling, already well proven in international events against men, had an excellent result; and the youngest on the team, 11-year-old Judith Polgar from Hungary, virtually held her own.

Judith, youngest of three brilliant sisters who have been trained by their academic parents since childhood to become great players, is far ahead of any boy of her age. Her victory over a FIDE master at Biel had echoes of the zest and charismatic flair of Bobby Fischer's Game of the Century.

White: Jean-Luc Costa (Switzerland).

Black: Judith Polgar (age 11, Hungary).

English Opening (Biel, 1987).

1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 N-KB3, PXP; 4 NXP, P-K4; 5 N-N5, P-Q4; 6 PXP, B-QB4.

Black naturally does not fall for 6...NXP? 7 QXN winning a piece. The gambit 6...B-QB4 has been played several times, and White should react cautiously by 7 P-K3. Instead, White allows a blitzkrieg against his KB2.

7 N(5)-B3, O-O; 8 P-KN3? N-N5! 9 P-K3, P-B4; 10 B-N2, P-B5; 11 P-KR3? NXBP! 12 KXN, PXP DB CH; 13 K-K1, R-B7! 14 R-N1, Q-B1; 15 Q-Q3, N-R3; 16 P-R3, B-B4; 17 B-K4, BXB; 18 QXB, B-Q5!

White is a piece up but has no good defence to N-B4. If 19 P-QN4, R-B1! 20 BXP, RXN; 21 NXR, BXN ch; 22 K-Q1, R-B8 ch.

19 BxP, N-B4; 20 BxB, PxB!

Obvious but worse is NXQ; 21 NXN, with three pieces for the queen and chances to escape.

21 QXP, R-K1 ch; 22 K-Q1, Q-B6 ch; 23 Resigns.

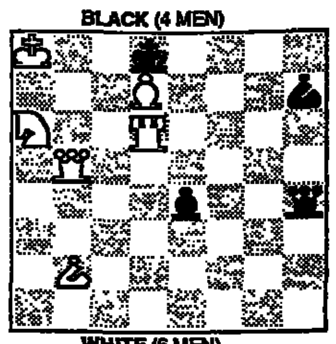
For if 23 K-B1, N-N6 mate.

Next week, Ohra Assurance stages a *more ambitious version* of the World Mixed in Brussels. The four most successful women players of our time - world champion Chiburdanidze and ex-champion Gaprindashvili, both from Georgia USSR; Szuzsa Polgar of Hungary, and Pia Cramling - will compete against four highly-ranked grandmasters and masters: Dlugy (US), Watson (England), Lobron (West Germany) and Winants (Belgium).

Play is at the Hyatt Regency Hotel from December 19-29.

Nowadays, we hear *little of the* biological theories of women's inferiority at chess which were fashionable a decade ago: Chiburdanidze and Polgar, in particular, have refuted such concepts by their outstanding results. But only a very few women players can aspire to such standards, and there is still an important place for all-female events such as the Lloyds Bank women's one-day in London. The really interesting question is whether Judith, youngest of the Polgars, can match the teenage achievements of Fischer, Kasparov and Short.

BLACK (4 MEN)



WHITE (6 MEN)

PROBLEM NO. 702

White mates in two moves against any defence (by B.J. de C. Andrade, 1951) White has several obvious queen checks and his pawn is about to promote, but the mate is a surprise.

Solution Page XI

Leonard Barden

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(6): as at close of business on Monday 14th December 1987. Columns (7)–(11): as at 30th November 1987.

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	CAPITAL & INCOME GROWTH										
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136	Bankers	Touche, Remnant	60	3.5	74	55	25	5	15	108	235
358	British Investment	Independently managed	450	5.4	566	68	11	18	8	84	206
85	Brunner	Kleinwort Grieveson	92	3.9	122	78	12	2	8	110	210
580	Edinburgh Investment (w)	Dunedin Fund Managers	134	4.2	177	66	14	11	9	89	208
795	Foreign and Colonial	Foreign & Colonial	89	2.9	117	44	22	15	19	112	238
1023	Globe	Independently managed	125	4.7	159	76	14	7	3	96	243
446	Govett Strategic	John Govett	206	2.7	273	75	5	2	18	120	215
12	Jos Holdings	Kleinwort Grieveson	135	3.7	168	92	2	-	6	95	255
55	Keystone	Mercury Asset Man.	250	3.3	324	87	4	-	9	91	†
112	Kleinwort Charter	Kleinwort Grieveson	104	3.7	134	76	15	5	4	101	228
56	Meldrum	Gartmore	115	3.7	141	96	4	-	-	100	273
494	Scottish Mortgage	Baillie, Gifford	88	3.3	117	52	16	13	19	120	221
160	Second Alliance	Independently managed	683	4.5	829	52	35	8	5	90	198
606	TR Industrial & General	Touche, Remnant	100	3.1	123	60	18	11	11	112	214
511	Witan (w)	Henderson	100	3.0	127	60	17	11	12	110	238
	United Kingdom										
16	City of Oxford	Hambros Bank	64	3.7	75	100	-	-	-	91	255
50	Fleming Claverhouse	Robert Fleming	196	3.9	248	100	-	-	-	100	277
64	Shires (w)	Glasgow Inv. Man.	205	9.8	227	92	4	-	4	93	205
163	TR City of London	Touche, Remnant	66	5.3	75	91	9	-	-	104	264
142	Temple Bar	Guinness Mahon Inv. Man.	187	4.8	227	99	1	-	-	110	298
	CAPITAL GROWTH										
	General										
307	Anglo & Overseas	Morgan Grenfell	350	2.7	466	45	21	21	13	118	219
142	Atlantic Assets (w)	Ivory & Sime	45	1.5	57	38	61	-	1	99	116
89	Electric & General	Henderson	70	2.1	90	59	22	6	13	100	245
30	Greenfriar (w)	Henderson	328	0.8	316	72	-3	4	27	108	242
	International										
89	Berry	GT Management	250	2.2	279	67■	11	4	18	58	268
2	Child Health (w) Δ	Thornton & Co.	45	0.0	36	51	6	2	41	110	175
94	English & Scottish	Gartmore	95	2.3*	114	51	19	7	23	91	232
35	F & C Eurotrust	Foreign & Colonial	150	1.7	191	14	-	-	86	119	296
233	Fleming Overseas	Robert Fleming	126	2.4	175	20	43	15	22	79	205
103	Fleming Universal	Robert Fleming	121	1.7	158	36	27	15	22	78	197
17	Gartmore European (w)	Gartmore	265	1.2	318	31	5	-	64	108	173
54	Gartmore Inform. & Fin. (w)	Gartmore	43	3.5	55	80	16	-	4	104	136
8	German Securities (w)	Liechtenstein (UK)	88	2.6	110	-	-	-	100■	18	†
155	Hambros (w)	Hambros Bank	184	3.7	246	72	20	1	7	102	201
112	Kleinwort Overseas	Kleinwort Grieveson	105	3.3	138	24	40	12	34	100	186
10	Mid Wynd International	Baillie, Gifford	164	2.4	191	28	22	16	34	92	251
214	Monks	Baillie, Gifford	177	2.2	236	44	19	11	26	108	206
101	Murray Smaller Markets	Murray Johnstone	128	1.9*	151	22	11	13	54	117	259
8	Nordic Δ	GT Management	51	0.5	59	9■	-	-	91	91	†
74	North Atlantic Securities Δ	Morgan Grenfell	291	1.7	383	-	32	40	28	95	187
155	Northern American	Dunedin Fund Managers	305	2.4	410	33	22	22	23	97	191
33	Northern Securities	GT Management	286	1.4	317	93■	3	-	4	22	297
8	Paribas French	Paribas Asset Man.	52	0.0	58	-	-	-	100	84	†
101	Romney	Lazard Brothers	263	2.6	348	17	34	28	21	91	179
82	Schroder Global	Schroder Inv. Man.	173	3.5	225	44	29	12	15	90	174
352	Scottish Eastern	Martin Currie Inv. Man.	107	2.8	140	81	2	8	9	109	216
442	Scottish Inv. Trust (w)	Independently managed	324	3.1	433	48	22	13	17	102	206
18	Stratton Inv. Trust	Baring Inv. Man.	92	0.4	118	65	14	10	11	104	†
112	Tribune	Baring Inv. Man.	141	3.3	187	61	19	8	12	96	238
57	USDC	GT Management	108	4.4	132	62	22	5	11	98	†
	North America										
112	American	Edinburgh Fund Mgrs.	108	4.2	121	37■	63	-	-	90	140
135	Edinburgh Amer. Assets	Ivory & Sime	87	1.1*	107	43■	53	3	1	135	128
106	Fleming American	Robert Fleming	97	2.2	127	19	81	-	-	73	137
80	Gartmore American Secs.	Gartmore	107	1.8	148	33	65	-	2	92	213
116	Govett Atlantic	John Govett	106	3.9	139	19	80	-	1	102	133
62	TR North America	Touche, Remnant	78	3.5	96	15	85	-	-	83	141
	Far East										
19	Australia (w) Δ	Clayton Robard (UK)	79	4.7	108	65■	-	-	35	35	†
43	Drayton Far Eastern (w)	MIM	199	0.8	244	4■	-	62	34	88	333
6	EFM Dragon (w)	Edinburgh Fund Mgrs.	6	0.0	4	-	-	-	100	96	†
176	F & C Pacific (w)	Foreign & Colonial	96	1.4	124	5	17	54	24	111	242
200	Fleming Far Eastern	Robert Fleming	141	0.8	188	-	-	69	31	83	323
320	Govett Oriental	John Govett	200	0.8	279	19	-	43	38	104	289
23	Martin Currie Pacific (w)	Martin Currie Inv. Man.	126	0.3	175	11	-	74	15	72	†
16	Pacific Assets (w)	Ivory & Sime	89	1.2	105	21	-	-	79	88	†
31	TR Australia (w)	Touche, Remnant	80	4.1	95	-8	-	-	108	110	157
27	TR Pacific	Touche, Remnant	32	0.0	40	13	-	-	87	89	†
	Japan										
53	Baillie Gifford Japan (w) Δ	Baillie, Gifford	369	0.0	489	-	-	100	-	95	472
14	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	62	0.4	84	-	-	100	-	95	†
104	Crescent Japan	Edinburgh Fund Mgrs.	130	0.2	155	-	-	100■	-	42	383
240	Drayton Japan	MIM	753	0.2	883	4	1	95	-	82	352
172	Fleming Japanese	Robert Fleming	163	0.2	214	2	-	98	-	88	374
93	GT Japan	GT Management	233	0.8	293	28■	2	70	-	73	395
93	Japan Assets (w)	Ivory & Sime	66	0.1	76	49■	-	51	-	69	314
69	New Tokyo (w)	Edinburgh Fund Mgrs.	128	0.1	160	1■	-	99■	-	44	379
	Commodities & Energy										
8	New Darien Oil (w)	Hodgson Martin	66	1.5	62	46	54	-	-	109	93
25	Precious Metals Δ	J. Rothschild	198	0.4	207	8■	63	-	29	89	186
78	TR Natural Resources	Touche, Remnant	56	5.0	64	41	32	-	27	91	118
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	66	0.4	88	50	39	9	2	89	†
74	Fleming Technology	Robert Fleming	131	0.6	180	52	31	13	4	92	137
320	TR Technology	Touche, Remnant	60	2.3	69	42	46	7	5	104	181

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.11.87 (12) base=100
	INCOME GROWTH										
398	British Assets	Ivory & Sime	60	5.5	77	67■	29	-	4	104	221
155	First Scottish American	Dunedin Fund Managers	347	5.3	422	97	2	-	1	101	219
77	General Consolidated Δ	Independently managed	336	5.9	407	84	13	-	3	81	253
229	Investors Capital Trust	Ivory & Sime	306	6.0	359	100	-	-	-	100	†
40	Lowland	Henderson	176	3.5	158	90	2	-	8	99	378
163	Merchants	Kleinwort Grieveson	129	5.7	157	84	14	-	2	100	214
178	Murray Income	Murray Johnstone	158	5.9*	187	77	10	-	13	113	277
241◆	Murray International	Murray Johnstone	147	5.1*	187	51	27	12	10	102	204
132	Raeburn	Lazard Brothers	405	5.6	483	73	18	6	3	95	196
202	Securities Trust of Scotland	Martin Currie Inv. Man.	91	5.4	112	68	18	8	6	106	258
	SMALLER COMPANIES										
10	Continental Assets (w)	Ivory & Sime	67	2.1	84	-	-	-	100	96	†
56	Dundee & London	Dunedin Fund Managers	235	4.0	295	92	8	-	-	92	218
62	English & International (w)	MIM	185	3.3	227	71	20	8	1	111	300
84	F & C Alliance	Foreign & Colonial	53	2.7	71	56	19	12	13	105	202
11	First Charlotte	Ivory & Sime	13	5.3	14	97	-	3	-	96	146
25	Fleming Fledgeling	Robert Fleming	152	2.3	192	79	19	2	-	94	203
21	Kleinwort Smaller Cos.	Kleinwort Grieveson	465	2.8	461	99	-	-	1	101	304
38◆	London & Strathclyde	Gartmore	186	2.4	236	84	14	1	1	104	244
34	London Atlantic	Investors in Industry	250	4.0	285	83	6	-	11	109	236
28	Moorgate (w)	Independently managed	165	4.6	195	94	1	-	5	90	343
27	North British Canadian	Investors in Industry	318	3.4	399	97	2	-	1	114	299
65	St Andrew	Martin Currie Inv. Man.	148	3.6	186	73	15	6	6	94	240
224	Scottish American	Stewart, Ivory	80	3.5	100	61	21	4	14	87	208
50	Smaller Companies Int.	Edinburgh Fund Mgrs.	90	1.5	106	83	8	9	-	106	218
18	Strata Investments (w) Δ	Henderson	92	0.7	117	59	16	14	11	94	†
239	TR Trustees Corp.	Touche, Remnant	103	2.9	119	77	18	4	1	109	227
†	Throgmorton (w)	Throgmorton Inv. Man.	376	3.5	†	†	†	†	†	†	†
	SPECIAL FEATURES										
73	Ailsa Δ	J. Rothschild	135	2.5	148	58	25	5■	12	83	235
23◆	Consolidated Venture (w)	MIM	150	0.2	210	32■	66	-	2■	82	223
180◆	Drayton Consolidated	MIM	409	4.0	516	76	17	5	2	94	224
277	Ensign Trust	Merchant Navy Inv. Man.	66	2.1	76	73	16	1	10	121	†
46	Fleming Enterprise	Robert Fleming	89	3.6	115	100	-	-	-	114	277
319	Fleming Mercantile	Robert Fleming	153	3.4	211	75	22	1	2	76	223
35	Hambros Advanced Tech.	Top Technology	111	0.0	160	82	17	-	1	97	†
57	Independent (w)	Ivory & Sime	38	2.2	50	33	62	-	5	83	85
16	Kleinwort Development	Kleinwort Grieveson	215	3.2	257	100	-	-	-	69	†
61	London Amer. Ventures (w)	Hambrecht & Quist	44	0.0	65	32	68	-	-	75	†
65◆	Murray Ventures (w)	Murray Johnstone	225	3.2	279	88	6	2	4	88	263
132	TR Property	Touche, Remnant	80	2.4	94	84	5	2	9	106	†
26	Throgmorton USM (w) Δ	Throgmorton Inv. Man.	110	2.0	137	98	2	-	-	115	†
30	Value and Income (w)	Stewart OLIM	49	3.5	54	99	1	-	-	130	†
	SPLIT CAPITAL (x)										
47	City & Commercial 88/93	MIM	905	-	1161	81	9	9	1	108	275
37	Fundinvest 85/90	MIM	435	-	519	79	9	10	2	107	262
2	Marine Adventure 88	Thornton & Co.	215	-	236	46	10	-	44	90	180
58	New Throg. (1983) (w) 08	Throgmorton Inv. Man.	88	-	190	99	1	-	-	128	†
103	River & Merc. Trust (w) 00	River & Merc. Inv. Man.	51	-	156	82	18	-	-	210	†
†	River Plate & General (w) 96	Jupiter Tarbutt	51	-	†	†	†	†	†	†	†
294	Scottish National (w) 98	Gartmore (Scotland)	39	-	91	81	11	-	8	119	†
30	Throgmorton Dual Δ	Throgmorton Inv. Man.	335	-	638	98	2	-	-	100	†
98	Triplevest 87/91	MIM	1085	-	1398	93	6	1	-	111	236

NOTES TO THE TABLE

- † No data.
- * Applies to Ordinary/"A" Ordinary only.
- ■ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- z Incorporates recent revaluation of unlisted investments.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- ◆ More than 20% in securities or other assets included at directors' valuation.
- Δ The Trust has provisions for a limited life. Please refer to the company for further information.
- n Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	251
F.T.-Actuaries All-Share	247
* Standard & Poors Comp.	179
* Tokyo New Stock Exchange	339
* Morgan Stanley Cap. Int. World	263

\+ Excludes split capital.
* Adjusted for exchange rate changes.

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

• PROPERTY •

John Brennan becomes an 'agony uncle' answering questions on the residential sector

Nostalgia for the bull market

AS 1987 draws to a close, uncertainty about the state of the housing market has inspired homeowners, developers and agents to turn the usual steady stream of readers' letters into a flood of correspondence.

Some of this is accounted for by a crop of cards showing obese robins failing to eat sprigs of holly, Dickensian coaches packed with drunks blowing hunting horns, and paintings of the dome of St Paul's dimly visible through the fog across the rooftops of Victorian hovels.

Retouched nostalgia forms a recurrent theme in the letters too, as memories of the bull market in house prices evidently make the current slowdown all the more difficult to accept.

Following in the well-trodden path of the "agony aunts," publishing an "agony uncle" sample of questions and answers offers one way of covering the most common points raised about the residential market as it slips into 1988.

● **"I read that the housing market has collapsed and yet I still cannot afford to buy a place of my own in London. When will the prices of cheaper flats start to come down?"** - *Flat-Sharer, Camden.*

Dear Flat-Sharer: You will have a long wait, because prices at the bottom end of the housing market in London and the south east are underpinned by a long-term imbalance of supply and demand. The supply side is restricted by planning bars on the further spread of London into the green belt, and by the consequent cost of those building sites that do become available in and around London.

The "not on my doorstep" response of existing homeowners in the green belt at the first hint of any proposed relaxation on building controls has been reinforced by the Government's current passion for inner-city renewal. But past efforts to 'unlock hoards of under-used land have been singularly unsuccessful, and while the call for private capital to finance new building of affordable homes and properties to rent in inner-city areas has been answered by the major building societies, they, and every housebuilder involved in urban renewal work, unanimously repeat that private finance alone is not enough.

In London and the south east it is now impossible to produce below-market cost housing or to create property that could be rented at less than the cost of mortgage repayments, without a state or local authority subsidy of at least a third of the project costs. Switching the role of providing subsidised housing from local authorities to the private sector may mean a more energetic style of housing management, but it is unlikely to increase significantly the number of low-cost properties available for first-timer buyers in the near future.

On the demand side, London and the south east are expected to attract roughly half of the total number of additional households in England between now and the year 2001. The official government forecasts now suggest that 1.2m more households will be packed into this corner of England by the end of the century, taking the total to 10.1m. So even in the impossible situation of there being no movement at all within the south eastern residential market for the next 13 years, there would be a net annual influx of more than 100,000 prospective home-buyers, far more than even the most wildely optimistic forecasts for the number of additional homes available for them.

London Research Centre figures, based on data from mortgage applicants to the Halifax Building Society (which alone accounts for a fifth of all building society lending in London), show that the average deposit paid by first-time buyers in Greater London is now £11,500, and that in the central boroughs the average deposit is £21,000. So, even though first-timers now average a loan of 85 per cent of the value of their new home, the first step on the housing ladder is still dauntingly high.

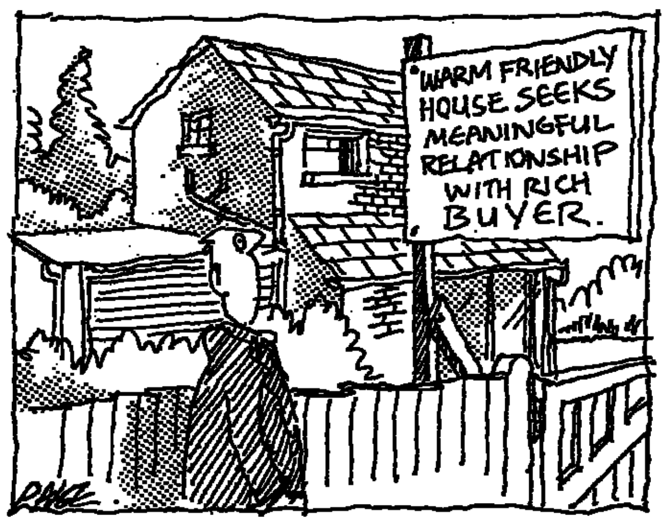
Nevertheless, first-timers are still making that leap wherever possible. It is clear that double income, or even treble income, households are an increasingly common way of raising the cost of a home. That is clear from the figures showing that last year, the average household income of first-timer buyers was 24 per cent higher than the main applicant's income, and that the extra earnings coming into the average first-time buying household have since risen to represent 35 per cent of the main applicant's income.

As home loan costs have fallen, and - with limited exceptions for those caught in the backwash of the equity market slide - earnings continue to rise, there is no clear case for delaying buying a first property at the lower-priced end of the London market.

As the London Research Centre shows that the average first purchase in the Royal Borough of Kensington and Chelsea in the third quarter of the year cost £99,500, "lower-priced" is a subjective description. But on the researchers' figures, the least expensive home-hunting areas among London's boroughs would now be Bexley, Barking & Dagenham, Greenwich, Waltham Forest, Lewisham, Croydon, Newham and Southwark.

Jane Tait, of The First Time Buyers' Advisory Service, makes the point that, in places where house prices have fallen sharply in the past decade - in Aberdeen, Alberta, Houston and in parts of California - the change has been caused by a fall in local incomes, a sudden decline in the number of households, a sharp rise in home loan costs, or a combination of these factors. None of these apply in the London market at the moment, so her advice is to "buy now, but take the opportunity to bargain on price or on extras."

● **Having recently acquired a number of estate agencies to help develop my company's role in the £40bn a year housing finance market, I now find that the staff are sitting around complaining that there is nothing to do because buyers are waiting until the spring, or making silly, cut-price offers that sellers are refusing to accept. What would you advise?** *Worried, The City.*



Dear Worried: You are clearly suffering from Conglomeratus Paranoia, a disease that has swept through the City in recent weeks and which normally takes the form of sitting around board-room tables, looking at acquisition costs and saying "did we do the right thing?"

The condition need not be fatal. According to the recent Key Note Report on estate agencies by the ICC Group, agency commissions and fees earned by the 10 main national agency chains are currently worth around £750mn a year. And, as this otherwise annoyingly superficial report does note, "a reduction on average of one person per office in a chain of 850-900 could reduce overheads by as much as £10mn."

On the other hand, a quiet period allows for further work to promote the network's brand name, to train staff, and an opportunity to sort out exactly what service an estate agency offers for what price. Since most sellers have no real clue about what service they can expect from an agent, and have only a vague idea about costs, there is a vast gap in the market waiting for someone who follows, on a national scale, the example of George Stead.

He is the two-office agent - in Fulham and Barnes - who recently set out an open menu of fees and services ranging from a flat-rate economy service to a five-star, full-scale service costing full-rate commissions. Other agents are aware of the problem of customer ignorance about services and costs. As Stead reports, "we have had a number of one or two-office agencies from around the country calling up and saying 'we're no competition in your areas, do you think you could send us a copy of your charges list?'"

As for the customers, he finds that it has saved endless discussions about fees, that people are relieved to know exactly what to expect for their money, and that, yes, just as with wine lists in restaurants, most people who are not too certain about what they really want tend to plump for the second most expensive service on the menu. Turning the business of selling homes into less of a guessing-game for customers is one way of filling the time until the buyers and sellers re-emerge.

● **"I have been wondering if it is too early to start looking again for a country cottage. In the summer, it was impossible to find anything within reasonable driving distance from London that didn't turn out to be considerably more expensive that the agent's asking price - so I gave up.** *Cottage Fancier, Chelsea.*

Dear Cottage Fancier: You could well be right. Nick Hextall at Carter Jonas' office in Oxford expects that the cottage market will be affected by the withdrawal of quite a few London buyers. It is a similar picture in all the main weekend retreat areas, where Londoners have been leading the way on prices in recent years. Beyond the range of London weekenders the cottage market does not appear to have been unduly affected by the stockmarket crash. As John Granger, Hextall's opposite number in Boston Spa, notes, in Yorkshire the country cottage market is still dominated by local buyers and demand is still firm.

● **"I am concerned to note that, despite all the worrying financial and economic news, I have yet to feel any of the "negative wealth effects" that I read so much about. Could you please describe these effects so that I and my neighbours can compare notes and see if we are unusual in this respect?"** *Seriously Unconcerned, Cheltenham.*

Dear Seriously Unconcerned: One possible explanation for your immunity to the "negative wealth effect" is that you are already poor, and do not, therefore, have to worry about feeling any poorer. Otherwise, it may simply be that these feelings take time to reach Cheltenham.

They tend to express themselves in a disinclination to trade up to a more expensive property. On past experience, as homeowners feel less confident about the economic outlook, they shy away from higher loan commitments and put off discretionary moves. The effect of this on the volume of sales of properties in the middle price ranges is generally expected to be the single most important consequence of the stock market's nosedive on the residential market as a whole, since it log-jams the whole of the rest of the housing chain up and down the price scales.

In an elegantly argued assessment of property after the crash, Cluttons sums up the two possible scenarios now facing the market. One is relative economic stability "at best a status quo situation" if the US can get its deficit under control without throwing the rest of the world's economies off course. The other, worse case, is the recessionary one of falling corporate and consumer spending so that we do not only feel poorer after the stock market crash, but actually start to become relatively poorer as well.

As Cluttons say, "If it had been the isolated event of Black Monday alone, without the consequent economic downturn, then the effect would be more or less confined to the upper end of the residential housing market, because the discretionary income of high earners has been worst hit. If, however, the equity price falls presage an economy-wide downturn, then the impact of that on earnings would certainly feed through into property values, since the direct link between earnings and residential values is one of the most consistent of all the forecasting measures." The wealth effect, negative when the omens are bad, positive when they are good, is unmeasurable, but it is no less real a factor in determining the level of activity in the housing market.

● **"I have been put off the idea of buying a country house because of the uncertainties in the market. Will there not be a sharp reverse in the price of many of these properties in coming months?** *Bemused, Wimbledon.*

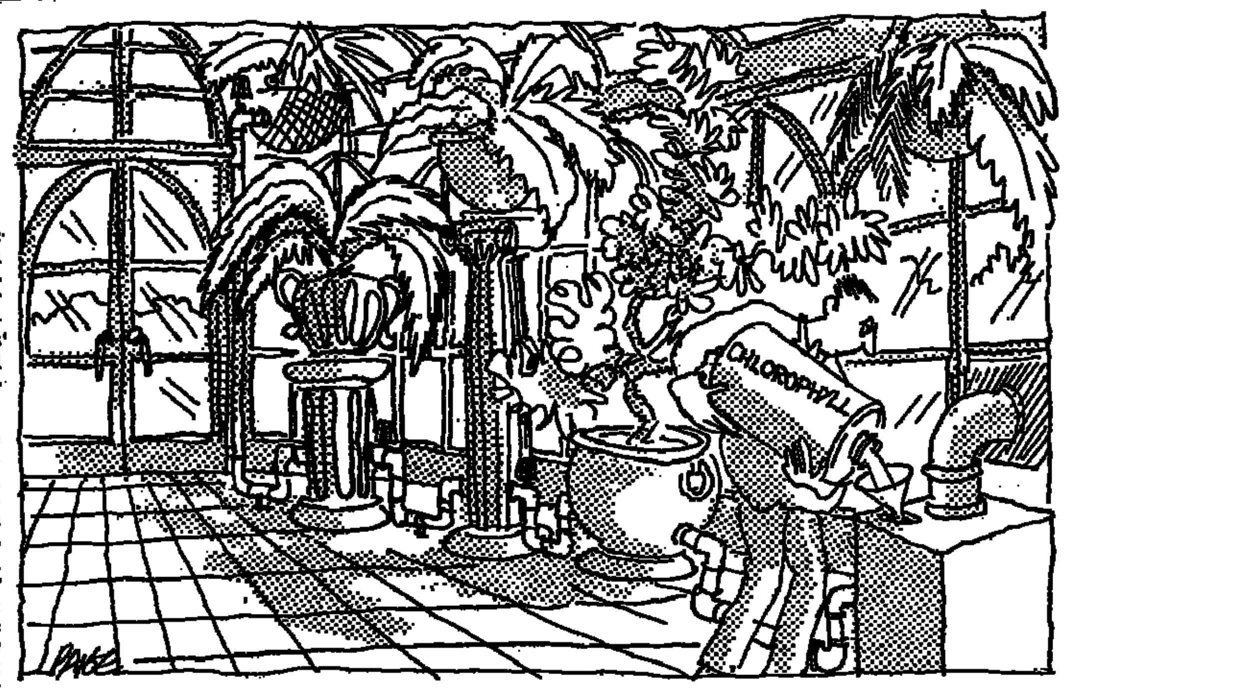
Daer Bemused: Any price evidence from the country house market is suspect at this time of the year, when there are only a few deals to act as a guide. Another problem is that, as a general rule, country house sales take a lot longer from start to finish than other types of property sale, and so current completions may well be the result of discussions and negotiations dating back many months.

That said, a sample survey of country house agents suggests that they concur in the view that the demand for good quality period houses now so outstrips supply that the classic Georgian rectories, village manor houses and well-preserved Queen Anne homes set in their own grounds have moved a little outside the normal influences of the housing market, and have even come to attract buyers for their rarity value.

In the view of Colin MacKenzie, country department partner of Hampton & Sons, the key factors in deciding whether a country house falls into this prime period house catagory are architectural integrity (ideally 1740-1840), or the work of a reciognised architect; an hour's drive from London; access to shops and private schools; five to eight bedrooms with three to four bathrooms; in its own grounds and needing less than £50,000 to be brought up to a good standard.

Robin Lane Fox revisits one of the more unusual English country gardens

A wind of change at the Rectory



IT IS now three years since I first reported on the country garden which Julian and Veronica Sloane-Wally were beginning at their Sussex Old Rectory after a much pondered move from Onslow Gardens in the heart of London.

This year has been a turbulent one for all of us and the Sloane-Wallys have not been alone in finding that trees, like the price of Julian's unit trusts, can come down very much faster than they went up. In fact, the wind has not been unhelpful, for it has settled a few domestic disputes about the way the garden was turning out.

It uprooted Julian's cut-leaved purple maples just when a neighbour had told Veronica that they were fearfully common, thinking they belonged to a former owner. It cut Veronica's pergola of white flowered lilacs in half; the lilacs have been flowering way above the pergola woodwork, so Julian was wondering why on earth she had not chosen something which dropped when in flower, like laburnums. It was more of a pity - at least to the Sloane-Wallys - that the shelter belt of Acer Goldsworth purple did blow down along the pony paddock, but the wood has been cut up ready for Christmas burning, and the holiday looks as if it may be more settled. Settled, that is, if nobody mentions New Year prospects and if they have got over their latest summer venture.

In mid-June, the Sloane-Wallys did their sums and realised that on paper they could at last afford a conservatory. It would solve no end of domestic problems: Julian would have somewhere to linger over his Weekend FT on Saturday mornings, while Veronica could get on with laying lunch for their usual visitors. Veronica would have a haven on cold sunny days in February, where she could sit indoors, without her puffa jacket.

Unlike the rest of the garden a conservatory would be impenetrable by rabbits. It would not exactly be cheap - especially as Veronica insisted that a rather plain Victorian rectory needed a Gothic octagonal design to liven up its facade. They sent off for brochures from the adverts in Country Living and chose a pre-designed model made in the north of England, ready for the local builder to assemble from sketch plans.

For once the assembly went quite smoothly, although the door went on back to front. By early August, they were congratulating themselves that they had gained a new room in much less time than it takes an FT columnist to dig a swimming pool. On a hurried trip to London, Veronica took the Volvo to the new garden centre at Alexander Palace and filled the boot with some white flowered plumbago, pots of stephanotis on wires and four large Daturas which could go in her white Versailles tubs and dangle their scented flowers like angels's trumpets at each corner of the central dinning table.

They were not exactly cheap, but she had been given an economical tip for the old outer wall of the house. A gardening aunt had told her that ordinary bedding geraniums will grow vertically to ten feet if given their head in a sheltered greenhouse. Geraniums are one plant which a Sloane- Wally can grow from cuttings, so Veronica put two of her scarlet Paul Crampels in two of the old window boxes which they had saved at the last moment from the purchasers in Onslow Gardens.

A sudden urge for a conservatory has created new problems for the Sloane-Wallys

She stood them on the conservatory flooring, but there was one minor disaster. She had chosen a pattern of Settecento tiles instead of vinyl, but as soon as she moved the geranium boxes the tiles started to chip. The boxes were looking rather empty, so she filled them with the fuchsias and Busy Lizzie which are grown, like literally nothing else, by the jobbing gardener who comes in to supplement his pension twice a week.

For the first happy weekend, conservatory living suited their lifestyle, although nobody had warned them about whitefly. Within days the fuchsias were crawling with them and Julian did object when he found that they had blown all over his morning marmalade. A friend told them to buy thrips and let them out as predators, but Veronica remember that thrips had a very nasty bite in the days when her father grew carnations under glass. Instead, they threw out the fuchsias and stood the Daturas outside in order to wash them dowm.

A week later the problem, unexpectedly, was the sun. The only two sunny days in August were enough to put the conservatory temperature into the 90s and melt the butter on the table before lunch had reached as far as the cheese. The glare was ghastly and the Sloane-Wallys saw little hope in opening the doors and windows, as the builder advised, and letting in a through draught. It would be unbearable in winter.

The manufacturers recommended a coat of white emulsion paint on the roof panes, but it would have to be renewed yearly to blur the light. The Sloane-Wallys had not planned to sit in semi-shade, and the idea of crawling across a 40-ft span of roof glass with a paint brush every year was out of the question. Fortunately, Julian's mother-in-law had found a better answer in her conservatory dining room just below the Chilterns. She had roofed the inside of the ceiling in pale cream drapes of a see-through polyester, turning the room outside into a novel sort of tent.

The Sloane-Wallys had never exactly seen themselves as the sheikhs of Sussex, but the tent did work - at least until it started to rain. The door flooded quite badly in a flash flood in October, but the real annoyance proved to be the noise, In an English summer, the Englishman's conservatory sounds as if its glass roof is under heavy gunfire. The manufacturers were sympathetic, but said the only answer was to double glaze the ceiling.

It was bad luck that the double glazing was just being finished on the day of the Great Market Crash. Julian was disturbed to discover how much it costs to install a simple layer of glass. Post-crash living has been free from clatter, but only overhead; nothing, it seems, can silence a settecento tile when people are walking on it during the to and fro of a lunch party. It sounds like hopscotch on a London pavement and Veronica, nostalgically, quite likes the noise because it reminds her of the old Sloane days.

The plan had been that the new conservatory would be heated off the existing circuit of the rectory's oil fired heating. One weekend, a local moonlighter kindly ran some extra copper tubing from the dining room into the new garden area and fitted two highly expensive radiators, which were long, low and compact, like Veronica's memories of a Jumping Jack firework.

The radiators work too well, but the problem is controlling the boiler. At night the oil-fired system is cut smartly off by a time clock, as heat is the last thing the Sloane-Wallys want while they are in bed. Not so the Stephanotis; in the first cold night of December it turned brown, dropped its leaves and made it only too plain that conservatories mostly need heat in the off-peak hours.

Julian found himself staring at an oil bill 24 hours a day for the sake of a few half-hardy climbers. The radiator makers recommended thermostatic radiator values which would be fitted to the main house radiators and cut them out, leaving only the conservatory running properly. Two weeks ago, they were fixed as a rather rapid job for cash, but they turn out to be a system which imprisons you in order to set you free.

Every night before bedtime, the Sloane-Wallys have had to go round each raditor in the house twiddling the knobs down from five to one, and Julian certainly has found it hard to trust the results. All night, the boiler still seems to roar on at breakfast levels of consumption, twice last week he found himself coming downstairs in his pyjamas to see if the drawing room had really cut out at midnight at a heat of only 45 degrees F. Thermostatic values have a lavish idea of a minimum temperature; the lowest setting is hot enough for orchids at night time and certainly way above the Rectory's' natural temperature, if the level is left to fall without intervention.

Either the gardenias go or the system will have to be reorganised. Frankly, Julian would gladly be rid of the entire construction, as it already causes more trouble than he wants to know about. Veronica, however, is not prepared to rest on her bay leafed laurels and see them freeze to death. Next week, she will be giving Julian a surprise present; a huge group of pink poinsettias and salmon-pink azaleas which she bought remarkably cheaply in pots at a garden centre on the A43.

Unlike Julian she has also had some luck. She realised two quick little profits at the Bank of England's expense in the ups and downs of new BP shares, and what better than to spend them on a second oil heating circuit, separately piped and connected to the main rectory boiler? Holes have to be knocked in at least three rooms skirting, but Veronica is willing to pay anything to by-pass the thermostatic valves on the other radiators and take her revenge. A separate clock will control the separate conservatory system at source. Work begins by moonlight on Monday, while Julian is up at the office party; nothing is ever simple in Sloane Wally gardening, but there are hopes nonetheless for some highly extensive buds,on the climbing red geraniums in 1988.

Arthur Hellyer visits a garden centre with a wider than average choice of specimens

How to choose wisely at Wisley

LOOKING IN at a couple of local garden centres to see what flowering pot plants they had to offer for Christmas, I was astonished by the poor selection. A few poinsettias, some not very good cyclamen and even less attractive dwarf chrysanthemums about summed it up.

So I drove over to the Royal Horticultural Society's garden at Wisley to see what might have been on offer - if anyone had been sufficiently enterprising. I went no further than the cool and temperate houses, in which the temperatures maintained are very modest, and was well rewarded with a display of both the expected and the virtually unknown.

There were lovely freesias grown from seed sown in early May and just coming into bloom. It is a curious fact that the yellow varieties always come into flower first, so it was almost all yellow on display, with just a spattering of white, blue and red, but there was plenty of bud to open during the rest of the winter and the scent was delicious.

Then there were cyclamen, not just the watery, rather blowsy types I had seen in the garden centres, but several much more compact varieties with neater flowers and leaves and also several with slightly decorative leaves, largely silvery grey but with the outline shape of the leaf repeated in dark green in the centre. Silver Sovereign, with rose-pink flowers, and Dawn Lustre, with light purple flowers, were the two I liked best.

There were lots of chrysanthemums, but none had been dwarfed. There were Charm varieties grown from cuttings rooted in late April and spray varieties from cuttings not rooted until July. There were also Cascade chrysanthemums which instead of being trained downwards in the usual way had been taken straight up bamboos, one stem per plant, with all the side shoots kept short to make a narrow column six to seven feet high. I could see plants like that having many decorative uses in rooms and conservatories, as they would take up little lateral space.

There were several varieties of *the Shrimp plant, beleporone*, which is seldom without flowers at any time of the year, African Violets, with a similar year-round flower potential, and Christmas cactus, which can be a little tricky since it must have

long nights to trigger its flowering. If kept in a room that is lit in the evening this attractive plant may just go on growing with never a sign of its shocking pink flowers.

There were also large pot plant impatiens in various colours; some wth green, some with variegated leaves. We have become so accustomed to thinking of these as summer bedding plants that we are in danger of forgetting their older use as year-round flowering plants. Apart from the fact that they do not like being chilled and that the seeds need a fairly high temperature to make them germinate these are very easy plants to grow.

The surprises started when I looked at the begonias, for there were only two I knew and one I had not seen in flower before. This was Iron Cross, which is grown as a foliage plant because of the large black cross in the centre of each shapely green leaf. At Wisley it was in flower and though the flowers are tiny and a sober deep bronze colour I found them charming.

There was also suchsoides, which I have admired occasionally at the Threave Teaching Garden run by the National Trust of Scotland at Castle Douglas. There it is trained against the back wall of a corridor, linking several greenhouses, but at Wisley it is grown as a pot plant. It has small box-like leaves and pretty sprays of tiny coral pink flowers. But the Wisley begonia I liked best of all was entirely new to me, one named sturzii, with tall, cane-like stems, long, deeply-lobed leaves and clusters of drooping pink flowers shaped like tiny lanterns. I have failed to find it in any reference book, yet it is clearly an easy plant to grow.

Then there was dombeya, a soft-stemmed shrub with large vine-shaped leaves covered in grey down and hanging clusters of scented pink flowers. I have admired it outdoors on the Algarve and in Tenerife and it cannot be far from hardy, but I have never seen it for sale in England. The kind grown at Wisley is burgesiae, but there are several others which seem much alike. In a conservatory dombeya could serve much the same purpose in winter as the various kinds of Angels' Trumpets or datura do in summer. Though I do not know anyone with plants for sale, Chiltern Seeds, Bortree Stile, Ulverstone, do offer seed.

I have said nothing about all the delightful winter flowering primulas because none was to be seen either in the garden centres or at Wisley, but doubtless they will turn up shortly, for seed is in plentiful supply from all the leading seed firms. The best for general use is malacoides, with its big sprays of small flowers, because it is one of the least likely to cause skin rash. The one to avoid if your skin is sensitive is obconica, with its sprays of flowers each the size of an ordinary primrose. It has a very long flowering season and is excellent value for money - so long as you are not vulnerable to primula rash.

Discover the other Australia

Michael Thompson-Noel offers an A-Z guide for those keen on off-track adventuring as an escape from the bicentennial junketing

ADELAIDE, like all Australian cities, is zesty, friendly and immensely attractive. It is also one of the southern hemisphere's best-planned, most elegant, cities. As with all Australian state capitals, the key is to use Adelaide as a springboard for trips further afield, not only to the Barossa and Clare valleys, with their well-known wineries, but the southern wine district (especially McLaren Vale), Mt Gambier, the Murray River and Kangaroo Island.

Above all, head your hire car in the direction of the motel and camping ground at Wilpena Pound in the Flinders Ranges 350km north of Adelaide. Several operators run safari tours into the Outback north of the Flinders. It's all spectacular.

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BRISBANE is lush and sub-tropical and gearing up for Expo 88 (May-October). South of Brisbane is the Gold Coast (flash, but with some of the world's best beaches); to the north is the Sunshine Coast (excellent) and Whitsunday Islands. For contrast, head west to Toowoomba and the rich farming regions of the Darling Downs.

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CANBERRA is a must-see if you have time. You can fly or drive from Sydney. The sights are vastly more attractive than they sound (the new Parliament House, National Gallery, National Botanic Gardens, etc) but venture further afield. Above all, drive to Tidbinbilla Nature Reserve, 40km south-west of Canberra, for a magnificent view of wildlife in a natural bush setting.

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DARWIN, capital of the Northern Territory, is the gateway to Kakadu National Park (wildlife, Aboriginal rock paintings, spectacular scenery and waterfalls) plus the wild and rugged Australian north-west.

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EILDON State Park, Victoria (lakes, mountains) is easily driveable from Melbourne. Like almost all Australia's national parks, Eildon is a model of what conservation can achieve given money and determination. A list of major parks is included in the fact-jammed *Dreamtime Travellers' Guide*, available from the Australian Tourist Commission at Australia House, Strand, London WC2B 4LU. (Rather than fly between Melbourne and Sydney, use a car if time permits and thus discover Australia's south-east coast).

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FRASER Island, 160km north of Brisbane, is the world's largest sand island. Once the focus of a bitter conservationcontroversy, it is now safe (one hopes) and well worth a visit for its rainforest and wildflower heathlands. First, get *Discovering Fraser Island* by John Sinclair, published by Pacific Maps.

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GREAT Barrier Reef. About 20 islands have facilities for tourists. Some are tiny and secluded, others less so. Two of the best are Lizard and Orpheus, but consult a good travel agent and tell him exactly what sort of holiday you want. Flights and accomodation generally have to be booked well in advance.

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HOBART, Tasmania, on the banks of the Derwent River, is spacious and leisurely. Go in high summer and see as much of the island as possible.

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INSURANCE. British passport-holders are eligible for free basic emergency health care at public hospitals. This does not cover existing ailments or specialist treatment, so extra health and travel cover is recommended. For long-term stays (over six months) contact Medicare on arrival Down Under.

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JETABOUT is the holiday wing of Qantas, Australia's international air carrier, and offers numerous packages (eg: 15 days Sydney-Alice Springs-Ayers Rock-Cairns-Barrier Reef-Sydney, about £1,500). Detours, another Qantas subsidiary, organises add-on excursions (ex-Sydney) to the Cook Islands, Western Samoa and Tonga. Numerous cruise ships ply between Sydney and the South Pacific islands.

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KOSCIUSKO National Park, the largest in New South Wales, 480km south of Sydney, includes mountains, headwaters, alpine plateaux, dense timberlands, glacial lakes, abundant wildlife and skiing (notably Thredbo and Perisher Valley). One Christmas at Thredbo I organised an impromptu wombat safari and watched my companion eat a 16-course dinner. On Christmas morning we only just failed to reach the top of Mount Kosciusko, Australia's highest spot. Happy days, indeed.

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LEURA, near Katoomba, in the Blue Mountains west of Sydney (two hours by car). For a spectacular day out, use this route: Sydney, Emu Plains, Leura, Katoomba, Blackheath, Bell, Richmond,Sydney.

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MELBOURNE. A great deal to see and do, but make time for the surrounding bushland and forest wilderness. I particularly recommend the Dandenong Ranges (35km), Ballarat (112km), the Grampians (260km), the Murray River (200km), the Great Ocean Road, south-west of Melbourne, Wilson's Promontory National Park (south-east) and the Gippsland Lakes (319km).

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NOOSA Heads, on Queensland's Sunshine Coast, is a marvellous spot. Rent an apartment, get some surfie gear and let your hair down. You won't recognise yourself.

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OUTBACK, by Thomas Keneally (Coronet Books), will tell you all you need to know about the Red Centre and the Northern Territory as well as the "sorcerers, cattlemen, uranium miners, survivors, and singers of unexpected songs" who inhabit these extraordinary landscapes.

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PERTH, in Western Australia, is everything it is cracked up to be. Distances are immense out here but, if you have time, go and see Kalgoorlie, or head south to Margaret River, or north to Karratha and beyond. As with all the states, WA has efficient internal air flights to bridge the vast distances involved.

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QANTAS expects hectic business in '88, so make your plans soon. The cheapest scheduled Qantas fare (London-Sydney) is £835 return, but get a travel agent to check the full roster of scheduled and chartered fares because there are many special deals.

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RAIL travel. Bookings are accepted up to 12 months in advance. Booking for seats and sleeping berths is recommended at all times on all major services, especially the Indian Pacific and Queensland services.

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SYDNEY. After you've covered Captain Cook's Landing Place and all the other historic spots, make time to visit Manly (a 22-minute ferry ride across the harbour), the Hawkesbury River (45km), the wine-growing Hunter Valley (208km), the upper and lower NSW coast, especially around Batemans Bay, and the magnificent national parks close to Sydney (Royal and Ku-ring-gai Chase). Sydney's bicentennial festival runs from January 1-February 28. January 26 sees the re-enactment of the First Fleet's arrival in Sydney Cove in 1788. First, read Manning Clark's *A Short History of Australia* (New American Library).

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TOURS and safaris. For a complete rundown see the *Dreamtime Travellers' Guide*, which tells you all you need to know about coach travel, car rental, campervans, etc.

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ULURU National Park, 450km by road from Alice Springs, includes Ayers Rock and the Olgas. Nearby is the superb Yulara resort. See as much as you can.

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VALUE. With the Aussie dollar drooping yet again, travel Down Under has seldom been such good value (claims Tourism Australia). At around £1=A$2.60, Brits can expect to pay £16 (and up) for a standard double motel room, £16 (and up) for a day's car hire, under £1 for a gallon of petrol, and 70p for a pint of beer. Some two-centre, two-week packages cost under £1,000.

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WHITELEY, as in Brett Whiteley, is Sydney-based and one of the best of a number of world-class Australian artists whose works are worth paying blood for. There are galleries all over.

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XXXX. January is the best month for beer-swilling Down Under, as are February, March, October, September, November, June, July, August, April, May and December.

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YACHTS. Ask your agent for a full rundown on charter yachts and cruises, for there is enormous choice. If you don't want to put to sea, think about hiring a self-drive houseboat or join a paddlesteamer on the Murray.

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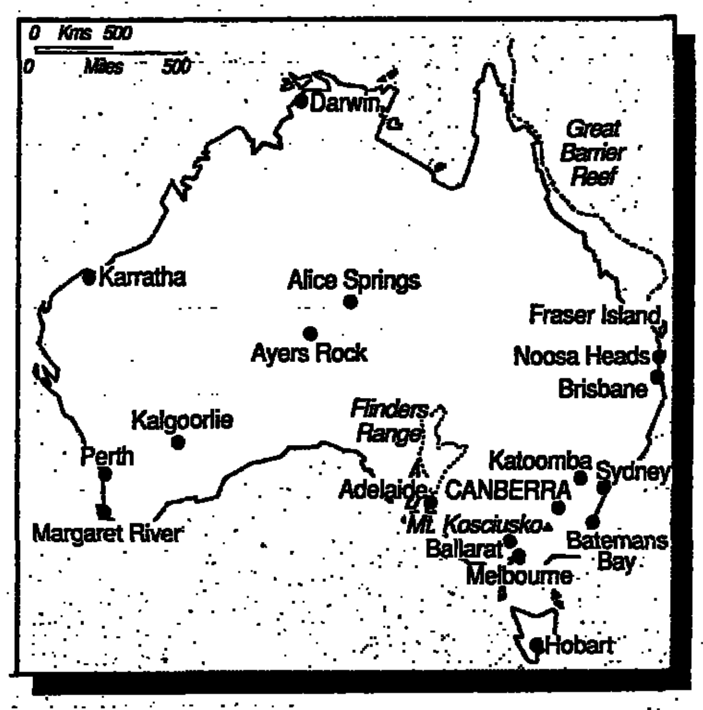
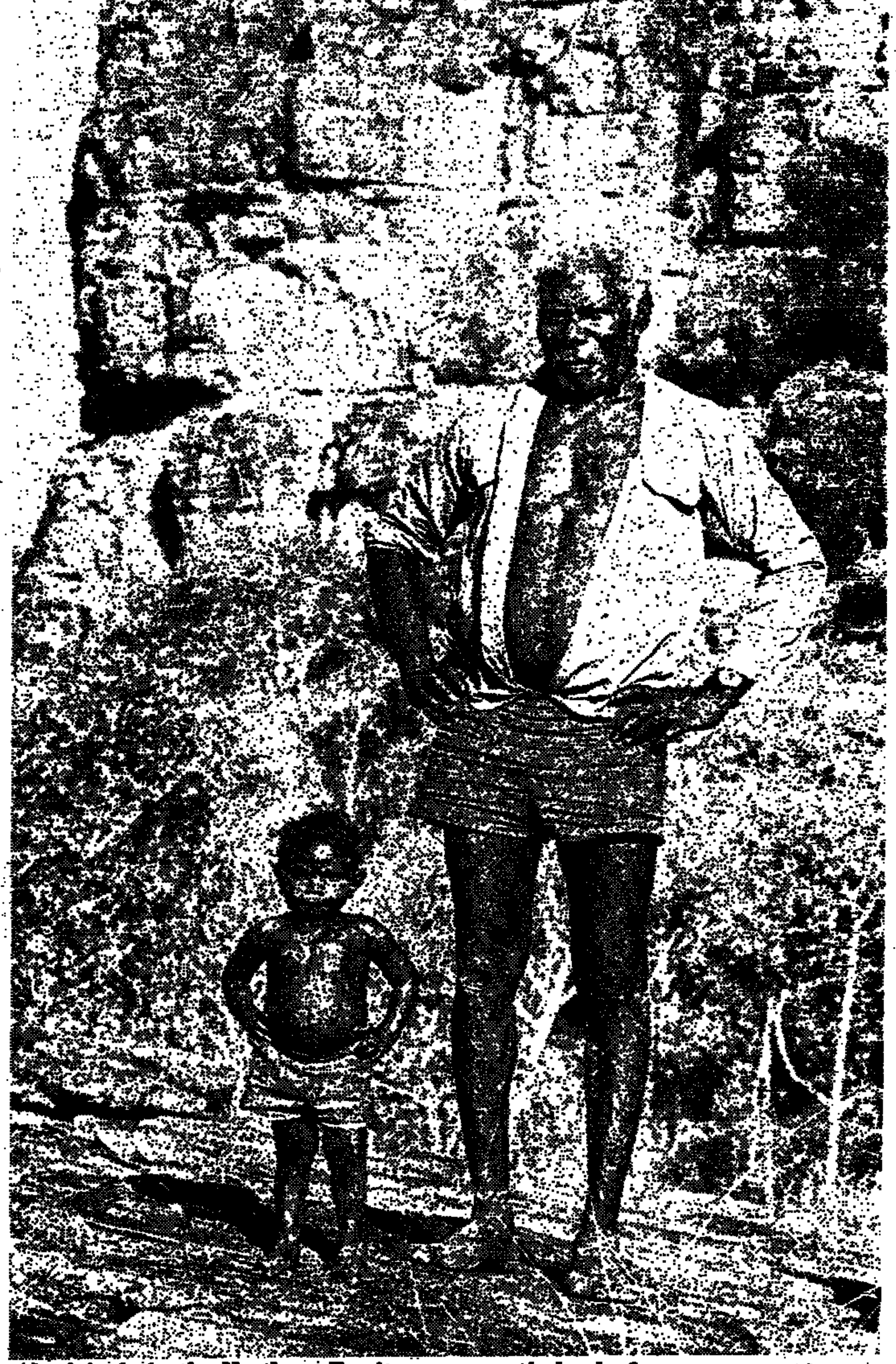
ZEBRA Finch. You might not see one (they're common in Western Australia) but, even if you don't, your best souvenir of Australia could well be one of the hundreds of superb wildlife books available. Indeed, every facet of this extraordinary continent is lovingly photographed and celebrated in books, so spend freely.





Aboriginals in the Northern Territory: an exotic land of sorcerers, cattlemen, miners and survivors.

• RECORDS •

OUR CRITICS' CHOICE

1987 marked anniversaries for Lully, Gluck, Villa Lobos, Gershwin and Callas: the CD reissues continued and rarities, old and new, emerged

Les Arts Florissant's "Atys," recorded in Lully's tercentenary year

David Murray

LIKE MY musical colleagues on this page, I get more records (request, scrounge, wheedle, receive them unexpectedly through the post, occasionally even buy) than I can write about here. As a result, those that have especially pleased or impressed me get written about, at the cost of anything much like a balanced view of what's broadly on offer; an honest list of my "favourite" recordings this year would repeat most of what I've reviewed. A further bias is the effect of having acquired a compact disc player, and thereby a particular interest in what the new high-tech medium can provide.

The sound of Mahler, grandiose of scale but rich in expressive small detail, invites not only CD production but refined ingenuity from the sound-engineers. That might account for the very slightly over-suave, under-attacking effect of three Mahler recordings which are otherwise thoroughly rewarding: the First Symphony by Maazel and the Vienna Philharmonic (CBS MK 42141, one CD), the Third by Gary Bertini with excellent Cologne forces (EMI CDS 7 47568 8, two CDs) and the Fifth in a loyal, most judiciously planned reading by James Levine and the Philadelphia Orchestra (RCA RD 89570, one CD0).

Bernstein's new Mahler Ninth with the Amsterdam Concertgebouw (DG 419 208-2, two CDs) wears its heart on its sleeve, takes gross liberties out of passionate devotion, and will ravish many listeners. Less controversial is the Eighth, the "Symphony of a Thousand," as recorded by Klaus Tennstedt with the LPO and first-rate choirs and soloists (EMI CDS 7 47625 8, two CDs). The first movement – the grand "Veni creator spiritus" hymn – is merely excellent, but the huge Goethean fresco which is the second has never seemed so naturally engineered on disc, nor so rapturously gripping. Though live performances of this work should always have a fundamental advantage, Tennstedt here offers *a unique experience.*

Among single discs/cassettes, "The Jazz Album" (EMI CDC 7 47991 2) by Simon Rattle with the London Sinfonietta, Michael Collins (clarinet), Peter Donohoe (piano) and Jeremy Taylor (period-pop tenor) with Harvey and the Wallbangers is a chirpy delight. The jazziest pieces of Milhaud, Stravinsky and Bernstein share the programme with Gershwin's *Rhapsody in Blue* in the original non-"symphonic" version, and several '30s evergreens lovingly re-created. (The producer David R. Murray is no relation.)

The Mitsuko Uchida/Jeffrey Tate/ECO Mozart concerto-cycle progresses: their second instalment, with K.482 and K.488 (Philips 420 187-2), captures still more of the imaginative freshness of the Uchida/ECO South Bank performances than the first did (and there is exciting advance word about their forthcoming K.595, the sublime crown of the South Bank series). I heard the new collection of austerely elevated Arvo Part pieces – performed by the Hilliard Ensemble and other distinguished musicians – only on LP (ECM 1325), but they are hauntingly etched and strangely reassuring.

A compilation of old Georges Pretre performances of Poulenc's orchestral and choral music (EMI Pathe Marconi EX 2910133, five LPs) offers stylish pleasure and many affecting moments. So does the cycle of Roussel's four symphonies newly recorded by Charles Dutoit with the Orchestre National de France (Erato ECD 88225-6, two CDs) – well, not exactly *affecting*, but energetically appealing and vital.

I thought the inspired rediscovery of the year was Franz Schmidt, whose four symphonies – which took him twice as long to produce as Mahler needed for his nine-plus – have appeared in glowing performances by an octogenarian former pupil of his and the Radio Bratislava Symphony (Opus 9350 1851-54). Listeners with reactionary tastes should be wholly satisfied; more advanced connoisseurs can be astonished by Schmidt's magisterial originality, power and depth in his conservative Viennese idiom.

Rodney Milnes

IT HAS been a curiously unsatisfying year for mainstream opera recordings. On the curious side we had Giordano's preposterous *Fedora* (CBS), unimaginatively cast and conducted; and various degrees of dissatisfaction might be registered over DG's *Ariadne auf Naxos*, and the same company's limping *Don Giovanni* under Herbert von Karajan. Altogether happier Mozart came from EMI, in the form of Haitink's Glyndebourne-based *Cosi fan tutte* (CDS 7 47727-8, three CDs), which boasted John Aler's smoothly accurate Ferrando, Claudio Desderi's distinctly *troublant* Alfonso, a pair of almost too well matched sisters in Carol Vaness and Delores Ziegler, and an impeccable standard of ensemble; and from Decca, whose *Entfuhrung aus dem Serail* under Solti (417 402-2, two CDs) I enjoyed more than many colleagues.

The greatest disappointment was that neither of the two new recordings of *La forza del destino* should have been successful, that on DG decisively scuppered by Giuseppe Sinopoli's wilfully eccentric conducting, that on EMI by oustandingly poor sound quality which fatally compromised Riccardo Muti's fiercely dramatic view of the score and the magnificent Alvaro of Placido Domingo. Overall casting on both sets was dubious, to say the least. There was great consolation in the subsequent reissue by EMI of the Callas *Forza* in CD format (EMI CDS 7 47581-8, three CDs): a matchless performance by diva and conductor Tullio Serafin alike. This was, of course, the year of Callas reissues, inspiring assorted reactions ranging through doubt, wonder, positive reassessment and – finally – renewed surrender.

There were notable releases in all quarters of the French repertory. From the beginning: the Harmonia Mundi recording (901257-9, three CDs) of Lully's *Atys* (1676), a work that, once past two unpromising acts, contains music in the remaining three of imagination and considerable dramatic power foreshadowing the more obvious strengths of Rameau and, indeed, the French Gluck. In the character of Cybele we have a prototype of those grand 18th century tragic heroines crossed in love and reacting angrily - a figure given towering vocal and expressive stature here by the excellent Guillemette Laurens. For the playing of Les Arts Florissants under William Christie than can be nothing but praise.

I have derive much pleasure from *Le Postillon de Lonjumeau* (EMI CDS 7 477554-8, two CDs), Adolphe Adam's sharp and saucy *opera-comique* of 1836. The Monte Carlo performance isn't perfect: John Aler and June Naderson sing well, but their French tends to be that of Stratford-atte-Brooklyn, though colourful supporting performances from the excellent Francois Le Roux and Jean-Philippe Lafont restore the Gallic balance. Nimble and witty playing from the Monte Carlo Philharmonic under Thomas Fulton.

The French EMI Reference reissue on two black discs (291 002 3) of operatic extracts and *meodies* sung by Ninon Vallin is crammed full of treasures: an account of "Comme autrefois" from *The Pearl Fishers* that must be one of the most beautiful recordings of anything every made (I truly mean that), four classic excerpts from *Manon*, and examples of her Mignon, Carmen and Salome (Massenet's, relax). Faure, Duparc and ten Hahn songs accompanied by the composer make up the second record, which ends with an astonishing trio of Debussy songs recorded when Vallin was 56. This set has had me hugging myself with indecent delight on many a dreary autumn evening.

Lastly, I was overwhelmed by the live recording of Tippett's *The Mask of Time* (EMI CDS 7 47705-8, two CDs): the youthful exuberance of invention, the sheer daring of a man touching 80 and still willing to take on the world and find it worth bothering worth is an inspiration to us all. The performance is superb.

Dominic Gill

THREE PIANISTIC sensibilities on record struck me forcibly during 1987: the first unexpectedly deficient, the second exquisitely authentic, and the last a sensibility wonderfully revived.

During the spring Vladimir Ashkenazy brought out for Decca the first of a projected *series of Schumann's complete* solo piano music, and the three performances it contained (Decca 414 474) were admirable in many ways – intimate, crisply focused, carefully crafted.

They also lacked an important ingredient of Schumannesque sensibility: a fascinating demonstration, if you like, of Schumann playing which has almost everything – except the flashing colours and inner voices of the music, the subtle resonances of the conversations below the surface of the notes. Ashkenazy's account of the Symphonic Variations in particular was so good that one felt uneasy about dismissing it. But again and again at crucial moments it failed to break through – generally in those passages of the most sudden and breathtaking originality: the soaring *Aufschwung* of the second variation, or the dark harmonic undercurrents, wistfully gleaming, of the *third*. Wherever the music takes off into the stratosphere, the response was slightly, but crucially, dry and incomplete.

Decca on this occasion was competing with itself; and in the same month they offered another Schumann recital (417 401), this time played by Jorge Bolet, which took us back to another age of music-making, and to another keyboard sensibility entirely. Bolet makes no more concession to easy sentiment than Ashkenazy, nor is there in his approach any trace of obvious "salon" style – yet every page of his *Carnaval* was brilliantly alive, a palette of half-lights and half-tones mixed with flashes of primary colour. The very feel of the sound was adventurous, experimental.

Bolet's C major Fantasy was a kaleidoscope of intimate questioning and confession – but it had grandeur too in its yearning. He moves the music in and out of the shadows like a conjuror, but there's no cheating – and everywhere a sense of adventure. Bolet is the only pianist I know who lets the first notes of the finale emerge *attacca*, breathelessly pianissimo, from the long-held final chord of the the preceding movement – stunning effect that may not be "correct" but is absolutely authentic, and the purest Schumann.

Bolet also offered at the same time an "encore" collection (Decca 417 361): a dozen and a half of his favourite shorter pieces with a handful of delectable sherbet fizzes thrown in to complete the picture – where would a Bolet recital be without an Albeniz/Godoiwsky *Tango* or a Moszkowski *Jongleurs* somewhere along the line? Both Godowsky and Moszkowski made jubilant appearances; but perhaps most exhilarating of all were those pieces which confirmed Bolet as the romantic *miniaturist par excellence*, intensely serious, and with a sensibility of knife-edge refinement – a group of eight Chopin pieces (including a marvellous E flat Nocturne), and an irresistibly perfumed transformation by Godowsky of Strauss's *Standchen.*

There was a time during much of the 1970s when Claudio Arrau's Beethoven playing seemed to become more pedantic and more lugubrious with every season. Miraculously, over the first few years of the following decade, the clouds began to clear – culminating, in my own concert-going experience, with a titanic performance of the Emperor concerto three years ago which confirmed a spectacular return of the Arrau we had known and admired. His new record this year of two Beethoven sonatas for Philips (420 153) was further confirmation. *The Arrau approach to Beethoven* may still be an acquired taste: but there was a delicacy, and a freshness, and a closeness of focus to these performances which I found a real delight.

Arrau doesn't achieve, or even attempt to achieve, anything like the exquisite tour de force which Michelangeli makes of the finale in his famous performance of op.2 no.3. But the playing has a visionary grasp, and an intimacy, which in its own fashion is still more authentically Beethovenian. The mood of the Pathetique sonata is at once vivacious and gravely serious – timeless musical paradox. There are some quirky emphases: but as often as not, instead of holding back the flow as they used to, they seem now to be cunningly devised to give the texture still greater lightness and buoyancy.

Richard Fairman

THERE MAY have been other composers who were celebrating anniversaries in 1987, but as far as the public was concerned this was Gershwin year. With orchestras playing the Rhapsody until they were blue in the face it looked as though little of permanent value was to come out of the event, until a parcel of manuscripts featuring the original orchestrations (not by Gershwin himself, sadly) was discovered in a Warner Bros warehouse.

So far, two recordings have profited from the find: a disc of Overtures from John McGlinn and the New Princess Theater Orchestra (EMI CDC 7 47977-2) and, still more ambitious, a coupling of two relatively little-known musicals, *Of Thee I Sing* and *Let 'Em Eat Cake* under Michael Tilson Thomas (CBS M2K 42522, two CDs). At a time when full stagings of any of the Gershwin stage works (*Porgy* excepted) are a rarity in this country the CBS set recommends itself; but the sheer razzamatazz of the Overtures is just as difficult to resist. Rarely has scholarship been so much fun.

It was Villa-Lobos's centenary this year as well, though that may have been more difficult to spot. I would have thought this an ideal time to investigate some of his most inventive smaller pieces, such as the series of Choros, which are in need of a new and complete recording. But instead the most substantial Villa-Lobos release of the year was the nine *Bachianas Brasileiras* with the RPO under Enrique Batiz (EMI CDS 7 47901-8, *two* CDs) – a lively, if more familiar, alternative.

Through the year the quantity of records being issued has comfortably surpassed all previous limits and yet the flow of important issues continues unabated. An especially attractive example was a disc of *melodies* by Charles Koechlin (Hyperion CDA 66243). Almost all these songs were appearing on record for the first time, *opening the window* extraordinary brilliance, and they get singing of equal radiance from their soprano, Claudette Leblanc.

Indeed, there is so much beauty and delicacy that the listener may require an antidote. If so, try the highly-praised recital of Liszt and Strauss by Brigitte Fassbaender (DG 419 238-2, one CD). Beauty has little place here and delicacy, it seems, none at all. But Fassbaender gets an iron grip on the words, punching them at the listener with all her formidable intensity; and, as such, this ranks as one of her most challenging recital discs.

Also in the post-Wagnerian repertoire comes a spectacular new recording of Mahler's Eighth Symphony under Klaus Tennstedt (EMI CDS 7 47625-8, two CDs). This gives easily the most realistic aural picture of the work that we have yet had (the balance of the soloists is remarkably lifelike) and it is good to note that the technical acheivement has been matched by the musical. In the second, more romantic movement Tennstedt is unarguably heard at his *idiosyncratic best.*

The standard of conducting on the new, live *Parsifal* (Philips 416 842-2, four CDs) is not perhaps "pick-of-the-year" quality: James Levine creates too consistently thick and heavy an orchestral sound to be counted among the great Wagnerians. But the Bayreuth sound remains unique in this opera and the cast, first heard in 1982 and still going strong, has given the house its consistent and reliable *Parsifal* team for the 1980s.

Finally, a quick backward glance to the Handel tercentenary. It is taken a while for John Eliot Gardiner's recording of *Hercules* (DG 423 137-2, three CDs) to appear on CD, but the delay only makes its final arrival more welcome. Next year will bring its own crop of anniversaries. May the record companies *redouble their efforts.*

Paul Driver

NIMBUS'S RECENT release of Sir Peter Maxwell Davies's *Miss Donnithorne's Maggot* (DKP 9052, one CD) is a welcome addition to the discography of a composer who, though better represented on disc than most of his contemporaries, is by no means adequately represented. In this performance by The Fires of London, conducted by the composer, with soprano Mary Thomas, the work – a latter-day version of the operatic mad-scene (the protagonist is one of the historical prototypes for Dicken's Miss Havisham) – stands revealed as a persuasive and novel lyric utterance, and as something rather more than the attempt to capitalize on the composer's earlier success in the expressionistic genre, *Eight Songs for a Mad King*, for which it has sometimes been taken. The latter work, in the well-known recording of 1970 with baritone Julius Eastman, is also included on this CD, and has gained a much-enhanced sound-quality in the transfer from black disc.

Sonatas and Interludes (1946–8), a key work from the oeuvre of another contemporary master, the perplexing John Cage, has been given a tremendously caring new recording (VQR 2001, one CD) by the Boston-based pianist Darryl Rosenberg: he makes the large-scale, Buddhist, contemplative case for this nearly hour-long sequence of short, subtle, slightly warped and strenuously cute pieces, bringing out their full range of prepared-piano sonority and gesture.

The Third Symphony by that still slightly underrated great composer, Aaron Copland, is put over with immense nobility and power in a recording, newly transferred to compact disc (DG 419 170–2, one CD), by the New York Philharmonic under Leonard Bernstein, than whom no-one is better able to find the radiance in its streams of clear sound, the loving tenderness in its wistful calm moments, or the drama at such junctures as the start of the finale fourth movement when we hear what is famous outside this context as *Fanfare for the Common Man. Quiet City*, with trumpet obbligato played by Philip Smith, completes the disc very satisfactorily.

One of the most striking productions of the year was Deutsche Grammophon's issue of Grieg's complete incidental music for Ibsen's *Peer Gynt* (DG 423079–2, two CDs). Everyone has always known the two orchestral suites which Grieg drew from his score, but no-one seems to have much considered whether that original score itself mightn't amount to something. In this excellent performance by the Gothenburg Symphony Orchestra under Neeme Jarvi (using an authentic edition of the musical text by Finn Benestad and Rune J. Andersen) it certainly does: it emerges as Grieg's major work and a vivid realisation in tones of a drama whose *greatness is otherwise hidden* from non-Norwegian speakers.

The familiar items occur in unfamiliar sequence and context, and one can no longer be deceived that numbers like "Morning Mood" and "Anitra's Dance" are Nordic in reference: they come in Act IV which is almost entirely set in Africa. On this definitive recording "Solveig's Song" is actually *sung* (by soprano Barbara Bonney). There is a captivating interchange between Peer Gynt (Urban Malmberg) and the three Herd-Girls which sets flying echoes of Wagner's Rhine-maiden and Flower-maiden music. Melodramas (with spoken voice) and passages of fiddle-music are retained, and the gleaming two-disc set is filled up with Grieg's patriotic incidental music for Bjornstjerne Bjornson's play, *Sigurd Jorsalfar*

Michael Tippett: "The Mask of Time," his grandest achievement, was recorded live at the Festival Hall

Max Loppert

IN 1987 one issue towered above the rest: *The Mask of Time* (EMI CDS 7 47705–8, two CDs). This new "Seven Days of Creation" is Tippett's grandest, largest achievement; it must have posed formidable problems for the recording engineers, but performance (taken "live" from the Festival Hall) and recording alike are completely successful. *The result is one of the most* immediately involving and enthralling items in the catalogue: I find it difficult to imagine the person who will fail to be in some way enriched by it.

An odd year for opera on record: unsatisfactory new recordings of repertory opera (such as the curiously disappointing EMI–Glyndebourne *Cosi fan tutte* under Haitink and soggy Philips *Faust* under Colin Davis), splendid discoveries and rediscoveries elsewhere. In the Gluck bicentenary year it was sad that the Orfeo company came up with a *Paride ed Elena* (that rapturous operatic hymn to sexual love, much needed on record) of only make-do standard. But in *his* tercentenary year Lully fared altogether better. After the Paris production, by Les Arts Florissants last January, of *Atys*, I wrote excitedly of the work and its superb realization under William Christie. The Harmonia Mundi recording (901257–9, three CDs), made in Paris at the time, proves that my paeans of praise were not excessively high-pitched.

John Eliot Gardiner continues to expand our operatic perceptions with every revival he undertakes. The DG Archiv set of Monteverdi's *Orfeo* (419 250–2, two CDs), newly arrived, will be reviewed at greater length next month, but I cannot pass up the chance of an advance recommendation: this is now the most grippingly dramatic *Orfeo* available. *At the other end of the* operatic timespan, Leonard Bernstein's *A Quiet Place* (DG 419 761 1/2, two CDs) seems to me as notable an addition *to* the list of American operas as *West Side Story* was to that of American musicals – a suburban family drama of confrontation and reconciliation achieved *in* music that draws on the best of all Bernstein's worlds, past and present.

1987 was the 10th anniversary of Maria Callas's death – a factitious event, in other words, and the cause of much spurious breast-beating on the printed page and the TV screen. Yet because EMI used it to reissue such a bounty of Callas records on CD, it could be celebrated with clear conscience after all, since it is through the gramophone that her sublime artistry, her incandescent genius are most properly reaffirmed. Of all the *many Callas complete opera sets* I re-heard in their excellent new format, *La forza del destino* (CDS 7 47581–8, three CDs), *Aida* (CDS 7 49030–8, three CDs), and *Turandot* (CDS 7 47971–8, two CDs) deserve special mention - not just "Callas operas," but magnificent collaborative efforts. The single disc of previously unpublished material (EMI CDC 7 49428–2) was the year's Callas bonne-bouche, containing, among much else of value, tremendous "live" samples of her Isolde and Elisabeth de Valois.

There were two new Ninon Vallin reprints to mark the centenary of her birth – one from HMV Treasury (EX29 0946–3), one from French EMI (291 002 3), each a two-black-disc set containing a not wholly similar, wholly desirable mixture of opera and song. Best advice is to lash out on both and tolerate the duplications, for hearing this wonderful French soprano singing in her native tongue is one of *the great experiences the gramophone has to offer.*

From the records I heard and enjoyed but did not review on this page in 1987, I must briefly single out the Nimbus CD of music by George Benjamin: evidence of a thrillingly fresh, unsullied, wide-ranging imagination and "ear" (NI 5075). And, beyond my usual purview, Paul Simon's *Graceland* (Warner, 925 582-2) and Ladysmith Black Mambazo's *Shaka Zulu* (Warner, 925 447–1) – those glorious explosions of South African popular music into the wider world – have given me many hours of purest joy.

Ronald Crichton

ONE OF the advantages of semi-retirement is the opportunity of avoiding the music critic's most pernicious form of daily bread – the standard symphony concert. So when great works long unheard by oneself fall into one's lap in recorded performances as vital, challenging and brilliantly executed as Roger Norrington and the London Classical Players record of Beethoven's second and eight symphonies, the result is momentous. Old-master varnish mixed with the dirt of routine peels off to reveal these scores gleaming fresh with their power to disturb (something to which Norrington himself attaches great importance) unimpaired. If I found the process most remarkable in the second symphony that maybe because for me this has long been the least rewarding of the nine. One expected the inimitable eight to snap, crackle and emit clouds of sparks between bursts of lyricism and it accordingly does so. EMI 27 0563 1 (LP), 4 (cassette), CDC 7 476982 (one CD).

Few centenaries have shed as much happy light on the past as the old year's celebration of Lully's death in 1687. Jean-Marie Villegier's production of the opera *Atys* with William Christie's group "Les Arts Florissants" was acclaimed in three European centres. To have it on CD (Harmonia Mundi, France, 901257–9, three) with almost the same cast is a consolation for those of us who did not manage to see it. More importantly, it forms a perfect introduction, for those who fear or doubt, to the world of French opera-ballet and tragdie-lyrique. Their supposed "remoteness" spotted now with accusations of elitism and so on, turns out to be a myth (reservations about the scandalous operatic monopoly contrived for Lully by Louis XIV and greedily enjoyed by the composer are another matter). Lully and his excellent librettist Quinault were the Strauss/Hofmannsthal of their age. How Strauss would have licked his lips over such favourable conditions as came Lully's way!

Strauss springs to mind because of the re-issue with digital remastering (CDS 7 49041 8, two CDs) of the 1957 mono EMI *Capriccio* comes up so impressively, if not quite in the expected way. The original recording, with Sawallisch conducting the Philharmonia and a bunch of principals hard to match today, was produced by Walter Legge. The result, grandly as the Philharmonia pours out the final pages, is less a feast of satiny sound than a powerful demonstration of what this musical conversation piece is about. Legge sees through the sham-rococo surface to the (for musicians) important matters beneath. In this discussion of the primacy of words or music, the words are cared for, without any lessening of orchestral vitality, in a way scarcely possible in the opera house. "Seamless" *Capriccio* may be: what strikes one here is the diversity with which Strauss sets the German language – something that does not always come through in the theatre.

Schwarzkopf, in one of her most admired and accomplished roles is the Countess. Not a note or syllable are out of place. In the closing monologue her art is deployed to triumphant effect. As her brother the Count the baritone Eberhard Waechter adds a hint of devil-may-care naturalness which risks making the soprano seem a little too studied. As the competing composer and poet, Flammand and Olivier, Gedda and Fischer-Dieskau blend as closely as if they were twin brothers, something that works to the plot's symmetrical advantage. Ludwig's Clairon (treacherous part) is perfectly judged. It is impossible to resist the grumblings and thunderings of Hotter's grand old ham of an impresario. Sawallisch deliberately sets the teeth on edge by allowing the tension to drop in the scene with the Donizettian servants and, later, with the ancient prompter. Of course he knows what he is doing – his sense of the work's architecture is one of the pleasures of this illuminating, stimulating experience.

Andrew Clements

THE SHORT list of outstanding new recordings seems unusually short this year, with several categories – piano, chamber music – failing to put up a convincing candidate. Even opera, normally to be relied on for at least two or three memorable sets, produced only one outstanding release in 1987 that came my way – John Eliot Gardiner's account of Monteverdi's *L'Orfeo* (Archiv 419 250–2, two CDs), which seems to take the cause of authenticity in baroque opera on to a yet higher plane. It is in every respect a substantial achievement, with razor-sharp instrumental playing – the brilliance of the trumpets in the opening toccata sets a formidable standard that is miraculously sustained – and singing by a predominantly British cast that seems totally committed to Gardiner's approach and fully able to translate it into convincing theatrical terms.

Nothing else this year has been quite so cherishable or as sensuously satisfying as the Monteverdi, though one disc of contemporary music offered a comparably voluptuous experience. The Nimbus collection of orchestral works by George Benjamin – *At First Light, A Mind of Winter* and *Ringed by the Flat Horizon* (NI5075, CD only) – provides a magical introduction to the refinement of his sound world and the surefootedness of his structural sense. Benjamin's ear for sonority is wondrously precise, and the performances by the London Sinfonietta conducted by the composer and the BBC Symphony under Mark Elder, realise the textures immaculately. The coupling of Elliott Carter's Piano Concerto and Variations for Orchestra from the Cincinnati Symphony under Michael Gielen (New World Records NW347–2, one CD) offers a very different contemporary aesthetic; it is distinguished most of all by Ersula Oppens's grasp of the solo part in the concerto, steering a convincing course through the thorniest of all Carter's musical thickets, so that the work at last emerges in performance as the fiercely dramatic dialogue it has always promised to be.

The traditional pairing of the violin concerts by Chaikovsky and Sibelius from Viktoria Mullova, accompanied by Ozawa and the Boston Symphony (Philips 416 821–2, one CD), may have been only partially successful – her view of the Chaikovsky still seems joyless, unwilling to yield – but those shortcomings are more than compensated by the excellence of the Sibelius performance. When I wrote about it here at the beginning of the year, I likened it to the famous recording by Ginette Neveu, and it still stands up to that harshest of comparisons, in its unflinching technical command and nerveless lyricism.

Rediscovered rarity of the year was undoubtedly Zemlinsky's *Die Seejungfrau*, which Riccardo Chailly recorded with the Berlin Radio Symphony (Decca 417 450–2, one CD). It was given its first performance in the same concert in 1905 as Schoenberg's *Pelleas und Melisande*, but was neglected then for 80 years. Its revival now fits another piece into the jigsaw of the world of the Second Viennese School; it shows Zemlinsky's music happily embracing a much wider range of romantic models than one might have expected – there are unmistakeable echoes of Chaikovsky's Fifth Symphony for instance – alongside the authentic Mahlerian inheritance.

The best of the Real Thing, meanwhile, came in the shape of the account of Mahler's Second Symphony from Simon Rattle and the City of Birmingham Symphony, with the CBSO Chorus and Arleen Auger and Janet Baker as soloists (EMI CDS 747962 8, two CDs). It has all the tension and immediacy of a live performance, coupled with the attention to detail of a carefully assembled studio recording. Admirers of the great interpretations of the Resurrection Symphonies of the last half century – Walter's, Klemperer's – really now ought to hear Rattle's and perhaps reassess the pantheon.

• DIVERSIONS •

The game for real sports

Nicholas Faith finds that real tennis is flourishing despite its many complications

REAL TENNIS, the historic *jeu de paume*, is alive and well and flourishing in some unlikely spots, from Hobart in Tasmania to the outskirts of Maidenhead. Last Sunday a match of unrivalled speed, subtlety and excitement was played in a court built nine years ago in Merignac, one of Bordeaux's drearier suburbs.

The match decided the final of the Cos d'Estournel French Open Championship, one of the game's big four tournaments. As with lawn tennis, the others are the British, American and Australian championships. On Sunday it took the present world champion, Wayne Davies, two hours and five sets to beat his predecessor, Chris Ronaldson.

Real tennis, like its simpler offspring, is played with rackets and balls on a court with a net in the middle. The scoring is the same and the ball can be volleyed or returned after a single bounce - but there the resemblance ends. The real tennis court may be the same size as a lawn tennis court, but it has a low wooden roof, lean-tos in front of both end walls and one side wall.

The ball - the same size as a lawn tennis ball but harder - can be played on the sides and roofs of the lean-tos, as well as the walls themselves. Those behind the server and to his left are covered with a net to protect spectators. The number of these hazards ensure that the game is not only fast but is also full of awkward bounces, providing the experts with balls which seem impossible to retrieve in every rally.

But the almost metaphysical complexity of the game derives not only from the irregularities of the court, but with the elaborate system which enables the service to change. One player serves continuously until a *"chasse"* is scored. The system of chasses cannot be explained in less than six months' intensive tuition, but broadly the chasses are a series of lines drawn across the court, and if the ball bounces twice on these then a chasse is declared. Two chasses - or one if one of the players has scored 40 towards a game - and the players change ends and the receiver starts to serve.

I am sparing you the details, not to mention the medieval French terms used for everything connected with the game, but, despite its complexity, once someone has watched or played the game he or she is almost invariably hooked for life. Even for those unversed in the mysteries of the chasse the game combines the excitement of squash and the speed of hard-court tennis with a subtlety all of its own.

For the spectators in the gallery or behind the server there is the bonus that the game, though largely professional at the top, is still confined to real sportsmen who require no umpires, merely a "marker." In Bordeaux the improbability of the whole exercise was intensified by markers intoning the score in medieval French with a strong Australian accent.

Bordeaux provides a classic example of the game's transformation over the past couple of decades. An old court in the centre of Bordeaux built in 1788 was bought in 1978 to serve as a cinema. By then it was used only by a handful of enthusiasts, mostly from the Chartrons, the Anglo-Saxon aristocracy of merchants who dominated the Bordeaux wine trade for over 200 years. The money enabled them to build a new court housed in a club house which also contains four squash courts which have provided a steady stream of recruits for the older, subtler game.

But the real impetus for the new Bordeaux club, as for many others, has come from one of the small group of young professionals who have transformed the game. They owe their existence largely to a remarkable figure, the late Dick Bridgeman, an old Harrovian wine merchant. In the 20 years before his death in 1982 he wrenched the game from its semi-moribund state by encouraging outsiders to play and by raising enough money to pay for young professionals to act as missionaries.

These - notably Rowlandson, Sunday's beaten finalist and a firm favourite in Bordeaux, where he was a professional for some years - greatly speeded up the game. Real tennis is now - relatively speaking - a game for the young. Rowlandson is 37, his successor 31, whereas the legendary Pierre Etchebaster retired undefeated as world champion at the age of 61 after holding the title for 24 years.

Not every club welcomes outsiders. While Bordeaux has doubled its membership to nearly 100 in the past couple of years, France's only other court, in Paris, remains sternly elitist, as does the New York Tennis and Racquets Club, where Davies is a professional. Britain's 3,000 players - over half the world's total - play in 19 courts. Some, at Hampton Court, Lords and Oxbridge, remain stand-offish, but more open clubs are flourishing.

The game is not without its influential fans and sponsors such as Sir Clifford Chetwood, the chairman of George Wimpey and the chairman of Rank Xerox. Sponsorship of the French Open by one of Bordeaux's finest chateaux is no accident. Bruno Prats, whose family owns Cos d'Estournel, is a player and father of Jean-Guillaume, the junior world champion.

As Prats says, both the game and his wine combine subtlety, elegance and ancient traditions which flourish thanks to new techniques.

Renovation of the court at Fontainebleu has been on the cards for years; and the bi-centenary of the French Revolution should be celebrated by refurbishing the *Jeu de Paume* at Versailles, where the proles of the Third Estates gathered in May 1789 and refused to disperse until their grievances had been met.

Bhutto the bride

DESPATCHES
• Karachi •

THERE'S A story going round Karachi at the moment of a wedding that was so successful that the gifts had to be carried away in trucks. But over the past few weeks gold cards have been landing on doormats around the world inviting people to a wedding destined to outdo them all.

Invitations to the public reception are in such demand that fortunes have been made forging them, while one man in Punjab set himself alight because he could not afford the fare.

The big hotels are full, the tailors are working day and night to create visions in spun gold. Like a huge Christmas tree 70 Clifton Road is festooned with lights. Inside, preparations and festivities have been under way all week. For this is no ordinary wedding. Bibi, as the bride is affectionately known, is more familiar as Benazir Bhutto, leader of the opposition People's Party and daughter of Zulfikar Ali Bhutto, the former Prime Minister hanged in 1979.

Benazir Bhutto

Inside the women's quarters the pressure is intense. Weddings are very much a matter of face here and families will go without food and spend much of their lives in debt to give their daughters a good send-off. The average wage is £50 a month, yet parents spend £100 a time on dresses for the bride's trousseau that will probably end life as cushion covers.

Benazir's family are far from poor and her husband is from one of the 22 families which once owned two thirds of Pakistan. Ms Bhutto is a fanatical perfectionist and her assistants are well aware that the eyes of the world are focussed on their efforts. But they complain, she will keep slipping out to the office when traditionally she should spend this week in purdah - behind a veil and inside four walls.

Every few minutes another group of cousins arrive from New York, Iran, London or India, prompting hysterical scenes. This is the first time the entire Bhutto clan (less an errant sister-in-law facing trial in France) has been together for many years. Some have risked imprisonment by returning.

Between frantic sewing and talking and preparation of sweetmeats, the time is spent singing and dancing. The girls have been practising for weeks, singing of the bride's beauty and the groom's weaknesses, ready for competition with the groom's family at Thursday's *mendhi* celebration. Already there are many hoarse voices. Every so often the merrymaking is stopped abruptly by a power cut, prompting speculation that General Zia is reasserting his authority.

The morning before the main celebrations begin is devoted to beautification. Underneath Mr Bhutto's powerful portrait, groups of brightly swathed girls sit chattering for hours while intricate henna designs are painstakingly etched on their hands and feet and aromatic oils massaged into their skin. Upstairs Ms Bhutto is undergoing the painful process of having all her body hairs removed, but there are no screams to be heard above the din down here.

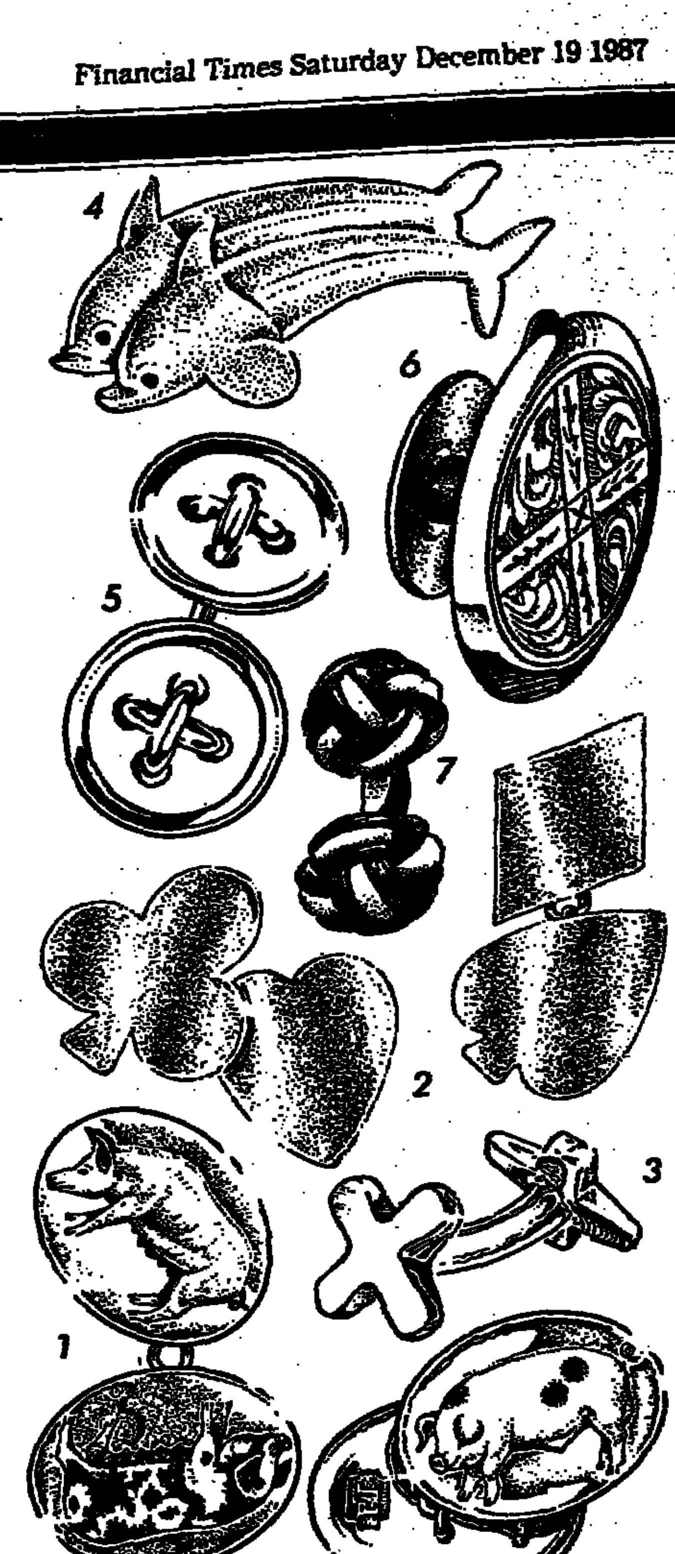
Everyone tells me how pleased they are Bibi is finally settling down. But they throw up their hands in desperation at the struggle they are having to persuade her to accept the traditional trousseau from the groom's family. Repeatedly she protests, "I am a leader, I must set an example to my people." But for once her voice is ignored.

The police stationed outside Number 70 raise their eyes at all the commotion, unable to see a way of extracting *baksheesh* from the situation. On my first few visits my car was followed in a way Inspector Clouseau would have appreciated but they have given up trying to keep track.

For once, though, politics seem forgotten. Even the orange seller on the corner, usually anxious to explain how the CIA devils are destroying the country, is obsessed by the wedding. Rumours abound about who is and is not coming. David Owen has accepted, and Col Gadaffi was never invited, despite stories in the Urdu press that he declined because of domestic problems and has sent a six-seater Cessna as a gift. Benazir assures me she's seen no sign of it.

Weddings are a time when personality clashes are put aside. MRD leaders and former leading members of the PPP are here, though no generals have been invited. Many non-political alliances will be forged over the next few days as eagle-eyed aunts and mothers look out for suitable catches. Being tall, fair and holding a British passport qualifies me for many of their shortlists; but unfortunately I cannot claim to be particularly "domestically well versed" and, gin and tonic in hand, I am certainly not a good Moslem ...

Christina Lamb



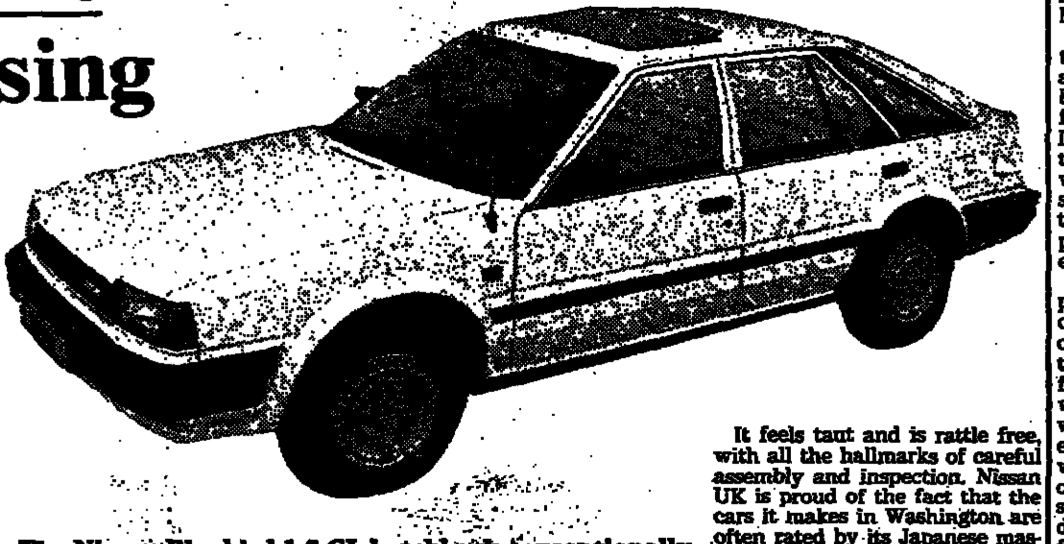
CUFFLINKS are just what some of you may be thinking of giving a chap this Christmas. But which sort of cufflinks? James Ferguson looks at what's on offer.

Since the early nineteenth century, the almost hidden cufflink has had a cosy niche in the totem-strewn male wardrobe. Rather like the tie, it can quietly connote prosperity without toil, and at its best, it speaks of matchless elegance. The ideal to aim for is the thin, flat, gold or silver chain-linked, twin-oval style or one of the other classic designs.

1. Hand-painted hogs on 9 carat gold, £800 from Longmire, 12 Bury Street, St. James's, London SW1. One of the largest collections of cuff-links in the world - 900 pairs in stock, £85 to £10,000. All styles and any commission tackled.
2. A well cut suit in 9 carat gold, £85 from Armour-Winston Ltd., 43, Burlington Arcade, London W1. More excellent old links can be found at Gray's Antique Market, 58, Davies Street, London W1 (especially stand 305-6, Brian & Lynn Holmes).
3. Solid sterling silver sculptural cruciform cuff clutchers, £125, by Joaquin Berao at Browns, 23/27, South Molton Street, London W1.
4. Happy dolphins, £96, by Georg Jensen, from Royal Copenhagen and Georg Jensen, 15, Old Bond Street, W1; Oggetti, 133, Fulham Road, London, SW3 and 2, New Bond Street Plase, Bath.
5. Hefty 18 carat gold buttons, £785 fromn Paloma Picasso, Tiffany, 25, Old Bond Street, W1.
6. W.E.Wiley & Son Patent Solitaire (in two parts) silver, £40, The Button Queen, 19, Marylebone Lane, London W1.
7. Elasticated knotted silk cord in every hue, £4 wherever good shirts are sold.

Motoring

A promising Nissan



The Nissan Bluebird 1.6 GL hatchback...exceptionally lavish equipment.

THE NISSAN Bluebird I picked from those rolling off the assembly line at Washington, Tyne and Wear, at the end of November was a white, two-litre GSX, automatic, five-door hatchback. It was polished, fuelled and left for me in the car park of my hotel.

"Drive it," the man from Nissan said, "throughout an English winter and tell your readers how it performed. Do not spare the lash if anything falls off or if the car lets you down in any way."

I promised.

Next day, I had to be in the City for a 12.30 meeting so I left Gosforth Park Hotel before dawn. The frost was so heavy, it took me 10 minutes to scrape the side windows clean with a credit card. The engine had, of course, started first flick of the key and within a couple of miles the car was warm enough inside for me to drive in shirtsleeves.

New cars do not need much running-in nowadays. But, putting myself in the place of a sensible owner who had just parted with nearly £11,000 to buy a two-pedal Bluebird 2.0 GSX, I headed south on the uncrowded A1, cruising at 70-75 mph (113-121 kmh) on a light throttle at well under 3,000 rpm.

Apart from the £13,999 leather-upholstered, air-conditioned Executive, the 4GSX is the poshest and dearest of the new Bluebirds. Prices start at £8,297 for the 1.6-litre LS four-door and a typical mid-range model, the 1.8 GS four-door, is £9,446.

I find the styling rather bland, even a little dated, and I doubt that anyone would buy a Bluebird because they had fallen in love with its looks. But it is well proportioned and a roomy four/five-seater.

What really makes the Bluebird stand out from fleet and family car rivals like the Sierra, Montego and Cavalier is its quite exceptionally lavish equipment. Even the cheapest 1.6 LS (at under £8,300, remember) has an electric tilt-and-slide sunroof, electric windows front and rear, central locking, Blaupunkt stereo radio/cassette player with power-operated aerial, tilt-adjustable steering and tinted glass.

The roll-call of goodies grows longer as you move up range. The GSX, for example, also has power steering, electrically adjusted and heated twin door mirrors, alloy wheels and a door keyhole that lights up when you touch the handle.

To drive, the Bluebird 2.0 GSX is lively, firm of seat and suspension almost in the German manner, and corners briskly with little roll. It creates so little wind, mechanical or road-induced noise that radio listening is a pleasure on the motorway. The automatic transmission (three speeds plus an overdrive worked by a tiny button on the selector) shifts up and down so smoothly that a change in engine note is the main giveaway.

I drove the 332 miles from Gosforth Park to my home in Tunbridge Wells via London without the fuel reserve warning light flashing and 10.47 gallons (47.66 litres) brimmed the tank, giving 31.7 mpg (8.9 litres/100 kms). For a two-litre automatic, that is not at all bad for a long run.

Since then, it has been used mostly on short trips with lots of cold starts in sub-zero temperatures. That is bad news for any two-pedal car with an automatic choke, and consumption over the next 189 miles (which took two weeks) rose to 20.45 mpg. A meaningful average consumption takes thousands of miles, not a few hundred, to work out. Judgment on economy must be deferred.

It feels taut and is rattle free, with all the hallmarks of careful assembly and inspection. Nissan UK is proud of the fact that the cars it makes in Washington are often rated by its Japanese masters as of higher quality than those produced back home.

Any "buy British" motorist seeking a lavishly-equipped medium-sized car, priced keenly and with the promise of great reliability, should take a hard look at the Bluebird. If any bits drop off mine or it gets the mechanical sulks, readers of this column will be among the first to know.

Stuart Marshall

Children of the streets

From Page I

This is something of a Christmas story. Tewson, with her keen eye for a good bit of publicity, had clearly thought through the advantages of having the FT do a piece at this time. She got Centrepoint to do the business. Result: pitiable urchins on tap.

Yes. But the point is, they ARE pitiable. You can put on a show, but the kids can't really lie: indeed, in lying they are most honest, most pitiable. And Hardwick seems to be right: it is getting worse

The brief details of the Centrepoint survey results, released earlier this week, point to a homeless population of 50,000 kids in London alone. If right - and Hardwick believes it to be conservative - it would make the city the European capital of child homelessness. It shows that over 70 per cent of homeless children come from Eire, Scotland and the north of England; that some 55 per cent had never been on a YTS course; that 87 per cent were unemployed.

I met one who had a job - at a MacDonalds burger bar - and one about to get one, as a courier. Some 30 per cent hadbeen offered drugs since coming to London; 64 per cent had taken drugs sometime in the past. Nearly 20 per cent had been approached to become involved in prostitution, but only one in the survey said he/she had. Over half could not return home - a proportion which was higher for ethnic minority kids and women. When asked, 71 per cent said they did not know where they were going next.

And it will get worse, because of the provisions in the Social Security Bill - now before the House - which will eliminate all allowances for young people unless they register on a YTS scheme. These allowances are at present £70 a week for board and lodging, plus £10 pocket money; or, if the kid has no fixed abode, £18.75 a week under 18, or £24.35 over 18. Homeless young people won't get these after April, when the bill is expected to become law, unless they can prove, for example, that they will be returning to a dangerous home, where they have been abused. But how to prove it? Especially if, like Mouse, you can barely say it?

Hardwick, McGinley and the others believe that the kids will swell the already burgeoning criminal gangs, or become more recruits for the prostitution rackets - Byrne saw, the other night, two men in a car waiting to see if he would turn away a kid of 16 from the Shaftesbury Avenue gate. Or more "slave labourers" - Jason recounted the story of some kids wooed to a warehouse to pack records for a few pounds in their hands, working twelve hours a day, sleeping in rows on the floor. Or more in squats - "these are terrible places now," says McGinley, where a kid who staggered in to the Shelter some days ago had been razored about the face and dumped in a council estate dustbin for refusing to go "on the rents" (male prostitution) while the girl he was with had her head shaved for the same reason.

Many of these kids need nothing more than a job and some low cost housing: the snag is they must get both, for without the one they cannot get the other - a catch nearly all of them point to. Some seem too shattered, or too captured by the street culture, to make a go of any sort of job beyond the most mechanical and casual. Others clearly cannot cope even with that. They most need the kind of long-term personal therapy which only the wealthy - who may need it least - can command.

You cannot spend any time with these street children without feeling that they are being, in the word many of them use, "wasted", in all the senses that word has acquired. You cannot, either, see a time when there will be none of them on the streets: but it is terrible that there should be so many, and cruel that there will be more.

For those interested in helping you can contact Nick Hardwick at Centrepoint, 33 Long Acre, London WC2 (01-379 3466).

DO YOU still have presents to buy? Here are some last-last-minute ideas.

● Impeccably elegant crackers from Czech & Speake - silver and grey ones hold a 20ml bottle of No 88 or Rose Cologne (Rose is absolutely redolent of rose, so only give it to those known to have a sweet "nose"), gold and brown ones hold a 20ml bottle of Frankincense & Myhrr. £9.50 each - if you're feeling flush, I can hardly think of a more elegant cracker to grace the Christmas table. Find them at Czech & Speake's own shops at 39c Jermyn Street, London SW1, and 10 Tunsgate, Guildford, and many designer menswear shops as well as all Hooper department stores.

● You can order tokens for theatre tickets up until Christmas Eve by telephoning 01-379-3395 and quoting your credit card number. The tokens can be bought in variables of £1, £5 or £10 and if you don't have a credit card you can send a cheque (made out to West End Theatre Managers) and a SAE (to return the tickets) to The Society of West End Theatres, Bedford Chambers, The Piazza, Covent Garden, London WC2E 8HQ.

● *Historic reminder of happy days? Malcolm Levene of Chiltern Street, London W1* is selling pure black lambswool sweaters embellished in grey silk with the path of the FT index from 1940 until this year - the knitting clearly was done before Black Monday, though the path finishes with a red arrow somewhat ambiguously poised. Is the market heading upwards, sideways, downwards? Who knows? The sweater is £149, matching scarves £49.

● "How to Host A Murder" fans can buy yet another episode - this time called A Matter of Faxe, in which Art E Faxe is murdered on an archaeological dig in Mesospotamia in 1895 on the very evening that he is about to reveal his discovery of an extraordinary fossil. Fans of the game can order this (or any of the other three previous eposides) by telephoning 0702-714559 either today, all day, or tomorrow afternoon from 2 pm onwards. If you guarantee to put a cheque in the post (made out to Transatlantic Marketing Co) to 36 Hillway, Westcliff-on-Sea, Essex SS08QA, the game will be posted to whatever address you specify on Monday, which should guarantee its arrival for Christmas. All episodes are £19.95. You can also find the games in many London stores (The General Trading Company, Harrods, The Covent Garden General Store), as well as in Toys R Us and "T" for Toys in Tesco.

● What could be nicer than an absolutely plain, white, soft towelling robe, made of thickest, most luxuriant, most absorbent pure Egyptian cotton towelling? Buy them completely unadorned, no dinky motifs, no initials, £65, one (ample) size for men and women, by Chortex, in good deparment stores countrywide. Equally desirable, in my view, are plain, white, soft, thick luxurious bath sheets, also by Chortex - 89 cms by 152 cms, £18.99, again in all good department stores. Rhapsody is the top-of-the-market Chortex name so look out for it.

● Present Surprise (Tel.01-480-6456) will take orders up to lunchtime on Christmas Eve for delivery by courier in the Greater London area. Particularly good selection of crackers - chic in black and grey or plain dark red, or prettily nostalgic in white and blue or pink. From £6.25 each, ready-boxed. Also nice jugs, vases and bowls in sponeware and masses of edible delights, from a boxed bottle of champagne or Cognac to boxes of handmade Belgian chocolates.

'Frosted' tree from Anne Tweed, £25.

Anne Tweed's candle ring.

Updated boughs of holly

Lucia van der Post

HOW TO SPEND IT

PART OF the charm of Christmas is decking the house out in its festive finery. Even the bleakest of houses often becomes unrecognisably warm and welcoming when alight with candles, filled with flowers, fruit, holly, greenery of every kind. If you are still looking for decorative ideas I don't think the shops have ever been quite so full of such seductive offerings. Nostalgia resigns as outlets as diverse as Marks and Spencer and Colefax & Fowler have put their minds to recreating the decorative delights of Christmas past. Here are some of the best of the ideas around.

For modernists wishing to escape from the welter of nostalgic Victoriana - a cool and rather Japanese looking collection of tree lights. The Confetti Lights are a 19-foot string of 20 lights each of which has its own white semi-translucent plastic shade - prettily different from most of the usual tree lights on sale. For interior use only, £26.75 (p and p £2) from Graham & Green, 4 & 7 Elgin Crescent, London W11.

Next Interiors is another source of contemporary Christmas decorative accessories - look out for lovely frosted white plates, vases, candlesticks (like the one sketched here, £14.50). Partner with lots of silver or, as here, with tapering black candles, £2.99.

Naturally British, 13 New Row, Covent Garden, London WC2, has a big selection of those painted carboard cut-outs so beloved of our Victorian ancestors. For Christmas here is a marvellously "antique" looking Father Christmas, all mellow colours and nostalgic charm, painted by John Butler. Large size 38 inches high by 22 ins wide (approximately) is £144.32 (p and p £2.50), a smaller size, 12 inches high by 6 inches wide, is also available, at £46.25 (p and p £2.50).

More nostalgia at Marks and Spencer where 15 of its biggest branches have a new department, the cutely named Penny Bazaar. It is selling a welter of Dickensian-looking totems, all redolent of Merrie Olde England. The crackers look the part to perfection but aren't cheap at £14.99 for six. This year, too, it is selling wreaths and Christmas trees - all, as always, of excellent and totally reliable quality.

Joanna Wood, 48a Pimlico Road, London SW1, sells some of the swankiest crackers I know - clad in red and white fabric (reusable if you've got that kind of war spirit) with a little bang to pull inside. Each has a party popper, a hat, a motto, a hanky or piece of soap, a miniature bottle of liqueur or a mulled wine sachet. £14.95 for two. It also sells Victorian hanging balls, awash with schmaltzy images of Christmasses of long ago, made from papier mache which is then lacquered. Large size, £1.60, small £1.15 each.

Neal Street East, 5 Neal Street, London WC2, has a good collection of bare willow wreaths which you can decorate as you like. You can stick to conventional themes like pine cones, holly and red ribbon if you like but you can also embark on a much more surrealistic version with lots of silver, or you can use fresh flowers (lovely, even if it doesn't last long) or long-lasting silk and other artifical flowers. Wreaths come in three sizes, small (diameter of 8¾ inches) for £2.50, medium (10½ inches) for £2.75 and large (16¼ inches) for £5.75.

A splendidly plain and simple glass container (could double as a vase) filled with gourds and pine cones would either make a good present or you could buy it to use decoratively yourself. £20 from The Flowersmith, 34, Shelton Street, London WC2.

Great baroque collections of dried flowers can cost a fortune if you go to the smart London florists. Go instead to Anne Tweed. She has a shop at 2-3 Phoenix Court, Guildford, (Tel. Guildford 502879) where she sells her own very special arrangements at what seem, compared with London, to be extremely good prices. For instance, a huge Spanish willow basket, lined with moss and country pot-pourri to which she adds fresh bay leaves, pine cones, cedar, fresh rosemary, pecan nuts, walnuts, rattan, larch, and whatever else seems appropriate that she has to hand - costs £65. It should stay looking (and smelling) good for about five months and after that it would be put away for a while or else Anne could be called in to refashion it with, say, dried summer flowers. She does old-fashioned wreaths, tussie-mussies (or swags as in the sketch here, £25), arrangements to go round candles (also sketched here, £15) or vases but her main leit-motif is that she likes to use natural dried herbs, grasses, leaves, branches, cones, nuts.

She loves taking on special commissions and though it is a bit late for this Christmas to get her to come to the house, she will do parties, weddings and any other event you care to name. She does a lot of work from home so you can also telephone her there at Farnham 716982.

Some of the most original and charming arrangements of flowers that I've seen recently come from The Flower Warehouse, 45 Chagford Street, London NW1. (Tel 01-262-2525). It has a marvellous collection of baskets from all over the world which can be used as a basis for the flowers and plants. Arrangements range from strictly classical collections of yew, holly and mistletoe to exotic collections of pale pink pineapples and orchids. There is still time to have *something really special* delivered for THE day. Orders can be taken up to Christmas Eve - prices start at £20 (delivery charge £3).

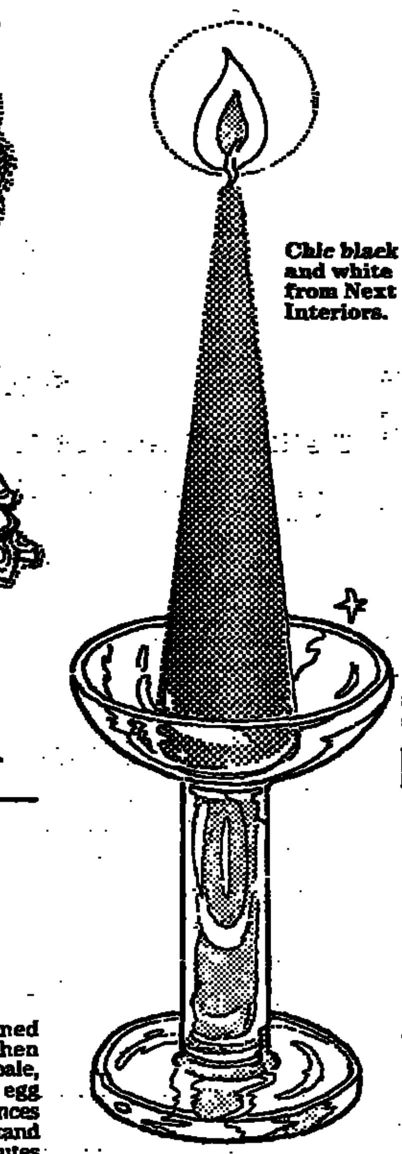
If you're giving a really grand party and money is no object, Kenneth Turner, 7 Avery Row, London W1, is currently numero uno in the world of dried flowers and sweet delights for the house. The arrangements of flowers, all of which are made to order only and so can come in any colour scheme or size you care to name, start at £85, but there are many smaller presents to look for - small terracotta pots filled with sweet-smelling candles are £34.50 for six, a box of six plain white very large candles is £15, while a boxed room fragrance (small ring to set on a light bulb plus the fragrance) sells for £30.

Finally, all those marvellous organisers who bought their presents way back in September, whose freezers are even now filled to bursting with everything the Christmas holiday could need, now have lots of time on their hands. They could indulge in Angela Douglas' splendid book "Present Affairs" (£8.95, Ebury Press) which is filled with imaginative ideas for how to wrap up everything from a simple book to an awkward frying-pan. Each idea is photographed in full colour, is accompanied by clear instructions and a probable time-span. They range from the ravishingly pretty to the sharply witty. If your house is as awash as mine is with old copies of the FT, then Angela Douglas will tell you exactly how to use them for making very dashing-looking wrapping paper.

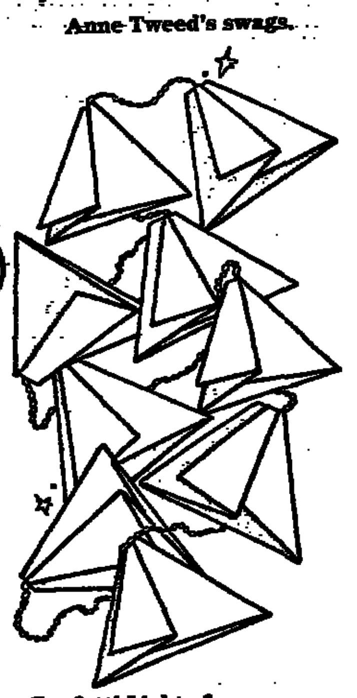
Glass cylinder and dried gourds, The Flowersmith.

Anne Tweed's swags.

Joanna Wood's fabric cracker, £14.95 for two.



Chic black and white from Next Interiors.



Confetti Lights from Graham & Green.

Drawings: Anne Morrow

Large basket by Anne Tweed, lined with moss and filled with cones, larch, nuts and other natural products, £65. Small basket sold empty by The Flowersmith for £9, can be filled as you please - here with gilded artichokes, cones, spruce and gourds.

Cookery

Make it short and sweet

TODAY'S COLUMN is dedicated to cooks in search of alternatives to the inevitable and who enjoy a little last-minute Christmas flurry.

If your larder already boasts home-made mince pies and the classic Christmas cake, dressed up to *the nines* in a double wrapping of marzipan and royal icing, and if your traditionally rich plum pud has been maturing nicely for weeks with daily injections of brandy to boost its well-being, then you have got Christmas so well taped that you are unlikely to need my last-minute sweet suggestions.

But if your are less than perfectly organised, if you like the idea of deserts that are rich and festive but not so stodgy as plum pudding and mince pies and if you share my preference for dishes which take minutes rather than days to prepare, read on.

Ginger is deliciously Christmassy and an icecream flavoured with its mild aromatic fire makes a sensational follow up to the turkey, particularly if you decorate the icecream with flakes of edible gold leaf (available from Indian shops), silvery sugar balls and a few crunchy toasted almonds. I recommend making the icecream *the instant, foolproof way.* Beat four egg yolks with six to eight tablespoons of syrup taken from a jar of stem ginger. Whip half a pint of double cream and fold it in together with two ounces of finely chopped stem ginger. Then fold in two egg whites which have been whisked until stiff with one-and-a-half to two ounces of caster sugar. No need to beat this icecream as it freezes and no need to ripen it in the fridge before serving.

If children are present you may like to dress the icecream with a cloak of chocolate sauce. The quickest and best sauce is made by melting a bar of chocolate with one to two tablespoons of water, coffee or rum for every four ounces of chocolate.

If your lead time is so short that you need to whip up a pudding even as family and guests gather round the table, I suggest syllabubs flavoured with ginger or with lemon and lime. Dissolve your chosen flavouring (two tablespoons each of ginger syrup and lemon juice plus six tablespoons dry sherry, or one tablespoon freshly squeezed lime juice, two of lemon and seven of unsweetened apple juice plus the zest of one lemon and one lime) in two ounces of icing sugar. Gradually pour on half a pint of double cream and whisk until the mixture holds a soft shape. Spoon into six pretty glasses and decorate with a scattering of crumbled brandy snaps or amaretti biscuits if you have some.

Also festive and delicious is a compote of chestnuts and prunes. Fresh chestnuts are best but a labour of love to peel; frozen ones will do quite well. Put half a pound of prunes and 30 to 40 peeled chestnuts into a pan with one pint of weak black coffee. Cover and simmer very gently for 20-25 minutes, fishing out the prunes after the first eight minutes. Then melt some sugar in the coffee to make a *light* syrup. Add a splash of brandy, pour over the compote and leave until cold, or better still delay serving for a couple of days.

Whipped cream can seem almost too rich and cloying with a compote *like this.* Creme fraiche is preferable and easy to make at home. Stir together half-a-pint of double cream and quarter of a pint of buttermilk and warm to 90 deg F. Pour the mixture into a bowl that has been rinsed out with hot water, cover and put in a warm place for about eight hours to ripen and thicken, then chill. Creme fraiche will keep for about a week in the fridge.

Seasonal in spirit but with a lighter, fruity flavour is cranberry mousse. Cook 12 ounces of cranberries very gently in a cov*ered pan with the juice of two* oranges, the zest of one and a good pinch of ground cinnamon.

Beat in two teaspoons of gelatine powder soaked in three tablespoons cold water, whizz to a puree and blend in 7½ fluid ounces of Greek, strained yoghurt. Cool slightly then whisk the mixture into a pale, billowing blend of three egg *yolks creamed with four ounces* of castor sugar. Leave to stand and thicken for a few minutes then lighten by folding in three whisked egg whites.

Another rich, yet clean-tasting, mousse, albeit less festive perhaps, is a classic lemony milanaise souffle, while my favourite of all mousses is that most luxurious concoction known as Bavarian coffee cream. Make a rich custard sauce with six egg yolks, four ounces sugar, three *quarters of a pint* of milk and two heaped tablespoons of instant coffee. Carefully blend in one tablespoon *of gelatine* powder melted in two tablespoons water, then half-a-pint of double cream. When the mixture is cold and beginning to set, fold in three whisked egg whites. Spoon the mixture into eight glasses and decorate with curls of chocolate when set.

The clean, juicy taste of fresh fruit is always welcome at Christmas when so much of the food we eat is so rich. A fresh orange salad is a classic choice. More original and just as pretty is a salad of pink grapefruit segments simply served in a pool of their own juice sweetened with a small spoonful of honey and scattered with masses – I mean masses – of flaked and toasted almonds.

If your taste is for something new and exotic, you may like to try feijoas, now imported by Carmel from Israel. Feijoas are small fruits with waxy green skins and white flesh with black seeds coated in a reddish pulp. They are ready to eat when the flesh begins to soften slightly and fans describe the taste as similar to passion fruit. Serve feijoas cut in *half and let each person scoop* out the flesh with a teaspoon, *or* serve the fruit ready peeled and sliced, moistened with a light lemony syrup.

Philippa Davenport

John Bowe, Paul Greenwood, Jim Carter and Imelda Staunton in the RSC production at the Barbican

Down two yellow brick roads

Michael Coveney and B.A.Young visit the Wizard of Oz in London and Exeter

MY CUSTOMARY route into the barbarous Barbican is on the walkway around the Museum of London. Having followed the yellow brick line for some years, I am now enjoined by the Royal Shakespeare Company to follow the yellow brick road all the way to the merry old land of Oz.

The RSC has not had a real Christmas success since the delightful *Peter Pan*. Somehow, Shakespeare and John Whiting were not quite the ticket. So opera and musical director Ian Judge (once an RSC assistant) and designer Mark Thompson (a Royal Exchange, Manchester, regular) have been set loose on *The Wizard of Oz*. The result is an Art Deco extravaganza, closely based on the MGM 1939 film, stuffed with Hollywood iconography, simmering at medium camp temperature and notably devoid of one crucial fairytale element – charm.

There were bucketfuls of that, of course, in the movie. When Bert Lahr sang "If I Were King of the Forest," you loved him through a mist of tears. Jim Carter's RSC Cowardly Lion is a dignified old cove in a *jungle suit, plus fours* and an orange Falstaffian mane. But he is not a quivering wreck humorously transformed by the acquisition of courage through trust and friendship. His singing is persistently off key, too.

The presentation is a generous feast for the eye but, for me at least, a slight pain in the *neck. It starts impressively with a* black and white prelude in Kansas, greyness everywhere, from the cycloramic cyclone to the hairs on the incubated chickens. The dog Toto is a grey Cairn terrier, and she is a source of delight to animal-lovers all evening. The rest of us sat on our hands.

Imelda Staunton, chunky and square-jawed, much too old for Dorothy in a way more damaging than was Garland, sings us with admirable simplicity over the rainbow. You note with mild alarm that the mean Miss Gulch, whose motives in confiscating Toto I have always admired, is indeed a hatchet-faced lookalike for Margaret Hamilton, but *is played by a man*, Bill Brown.

Now Nick Chelton's lighting begins the scenic transformation with a hemispherical neon arc of the seven colours framing the stage. Dilys Laye's Good Witch descends like a Monteverdi goddess in a pink satiny mobile boudoir as the ruby slippers protrude from the miniaturised transported farmhouse.

The Munchkins, all played by children (*we have had quite enough of midgets* and dwarfs for one year) caper on like simpering Diddymen in a variegated riot of blue. I was *pleased they had suffered for so long*, especially when their ensemble work took on the aura of an end of term shindig at Italia Conti.

The revolve comes in handy for Dorothy's expedition, the yellow road encircling such Busby Berkeley tableaux as svelte apple trees in spectacular head gear and Mae West sheath dresses, and undulating poppies in vulviform shoulder leaves who are suddenly joined by a top-hatted male chorus, presumably on *loan from a neighbouring* studio lot. So it goes, the whole sequence set in a primitivist forest filched from Henri Rousseau.

The Emerald City rises luminously over this landscape, a Futurist scalloped pile in livid green, decked out with flash bulbs. When reversed, this folly becomes the hideous mask eyes and aquiline nose of a *frightening* but obviously *frightened* oppressor.

The elision between pantomime and camp is demonstrated in Mr Brown's Wicked Witch, who starts *as a seasonal* demon, eliciting hisses as he shoots blackly and traditionally through a downstage trap, *but who is clearly aiming as high* (or as low) as Bette Davis. This progress culminates on a huge descending staircase where the *black*-eyed dame, in best *Baby Jane* style, hisses at Dorothy's mangy mutt. "How could you be so nasty, so mean and so cruel?" someone is stupid enough to ask. "Lots and lots of practice."

Mr Brown seemed to be afflicted by a sore throat on Thursday night, but I confess to a deep aversion to this kind of *performance. Here, I fear that ambition* has outstripped executive prowess.

The jitterbug item is restored as an *ensemble night number, very well sung* by Miss Staunton though, as Martin Hoyle reported earlier this week, the Birmingham Rep seem to have pipped the RSC to this particular post.

The imperishable songs of Harold Arlen and "Yip" Harburg are safest with Miss Staunton, elsewhere suffering a double mauling at the hands of poor articulation and a shoddy sound system. A word of praise for the musical direction of Richard Brown whose band – *wherever it may be* – is top class. At least they are matched on stage by Paul Greenwood's Scarecrow, rubbery and eager, much the evening's best performance and defying all comparison with the masterful Ray Bolger on celluloid.

This is not even approximately a pantomime, it's a comedy with songs. It *is* of course directed towards child audiences; many of the children will have seen the movie, and may have thought they were seeing it again. Frank Gabrielson's adaptation of the script is loyal to Frank Baum's tale, so they will not think they are being cheated. But there are many opportunities for directorial invention, and Martin Harvey has devised a colourful and amusing evening at the Northcott, Exeter that kept all generations happy.

I need hardly tell much of the story. Dorothy, played with childlike charm by Alexandra Sumner (who will alternate with Victoria Blake), lives in a Kansas that is fascinatingly depicted by Kit Surrey as a landscape seen through a fish-eye lens. We don't actually see her house swept over the rainbow *by a twister*, but Robert Ornbo's electrical patterns easily explain its appearing in a *new landscape, also in fish-eye* but now surrounded by rainbow colours.

There is a dead witch under the foundations, and some Munchkins come to offer their thanks. *But Dorothy*, having told us in Arlen and Harburg's song, without a mike, bless her, how much she wanted to fly over the rainbow, now wants to fly back. And once she has assembled the Scarecrow (Roger Delves-Broughton), the Tin Man (Christopher Northey) and the Cowardly Lion (Nicholas Blane), a pleasant trio, off they go along the Yellow Brick Road. This is laid for them by the likeable Sorceress of the North (Sally Lavelle).

The Wizard of Oz appears as a vast robot. He will not grant his four supplicants' requests until they have killed the Wicked Witch. This they do by shrinking her in her own poison crucible – a pity, I thought, for she is most menacingly played by Nina Holloway. The music and dancing were splendid, and Elizabeth Ascroft's costumes adorn the stage in riotous colour.

The grown-ups believed they should be seeing a panto, and rightly led the youngsters into booing the Witch, which gave them even more fun than they had already. Perhaps in a few years, when the copyright has expired, the story will join *Cinderella* and the rest as genuine panto stuff, with a boy to play Dorothy, and the Witch a Dame. There was a moment, when Dorothy told the Witch "You can't hurt me" and the Witch replied "Oh yes, I can!" when I wondered if we had crossed the *bridge already*.

Sting in town

A MAGNIFICENT band of top US session *musicians*; a star who looks like a Time Lord; songs which range from the espousal of pukka liberal principles on world issues to *declarations* of love which would melt the most corsetted heart – what was wrong with Sting's performance at Wembley Arena on Wednesday night?

All the ingredients were assembled, but it was somehow like one of those multi million dollar Hollywood spectacles about British history which play box office safe by casting Madonna as the Virgin Queen. Even after two hours I could not quite see the point of it, except as a massage for Sting's ageing ego. In other words the packaging was elaborate but the present was banal.

He came on very late and introduced the band. The names were impressive not least Branford Marsalis (brother of the better known Wynton) on saxopohone and Tracy Wormworth on bass – not necessarily good names, but impressive. After that the band largely went its own way, sometimes dragging Sting along with it, sometimes blowing him into next week. He contented *himself with some* gentle tambourine waving and a tentative strike of the gong. (No, in truth, he *did* finger some up front keyboards and hold his guitar on occasions).

Much of the material was from his latest album, the kind of songs you hear on long airline flights and even longer established hair dressing salons, immediately likeable, immediately forgettable, a global chewing gum with just enough flavour to keep you mildly masticating. There was some slight business; Sting does a little self conscious dance and strolls once around the further reaches of the stage, avoiding an excess of drummers. He is like a ship's captain who after negotiating the harbour relaxes into boredom.

But in Sting's favour are a much better voice than memory *allowed and some almost subtle* songs, notably "An Englishman in New York." He seemed *ashamed of his Police work and* "Spirits in a material world" was heavily disguised. He came back for "Roxanne," accompanied by a dressy saxophone solo. It took him briefly into another age – of *aspirations*, and sweat, and human fraility. For too much of the show he was programmed for the American mega rock stadia market, for an audience that likes its pop to match its Habitat *furnishings. It seemed easier* and more appropriate to watch Sting earn his millions on the giant screen *suspended* above the stage than going through the motions down below.

Antony Thorncroft

Catchy Sinbad

YOU COULD assess the impact of the show by the amount of time the little girl on my left spent in her friend's lap. And when a *tribe of masked savages* trussed our heroes up in a bear net for lunch, she dashed over to *teacher for protection*.

The first in-house show to be produced at the Bloomsbury *since it was spruced* up *during* the summer, packs in as many such moments as it can encircle *with a shoestring budget* and just 65 minutes of running time. Connie Stewart's *Sinbad* comes *to London by way of* Edinburgh's Theatre Workshop, to which, I should imagine, it was rather better *suited. In the* Bloomsbury the shrieks began to thin after the first three rows; *the audience itself after five*.

Andy Arnold, who took over the theatre this year, redirects a piece *which he* brought down from Scotland complete with its original designer and musical *director. With choreographer Jo* Henwood he marshalls a largely student cast into belly dancing, *hornpipes and native stomps*.

Heather Innes is responsible for an imaginitive set, with a ship that sails on to the stage, a truly awesome ogre, but sadly no orc. The *synthesised swish* of wings is all we are given for the flight which lands Sinbad and *his quaking servant* Bak-Bak back in Baghdad at the feet of the beautiful princess Shahrazad.

At moments such as this the paucity of resources inevitably shows, yet in a trio of professional principals Ainsley Harriott's Sinbad, resplendant in outsized orange turban, fills the stage visually and vocally. He has no trouble charming the children on to his side, though John Mitchell – as the wicked sea captain – needs rather more projection to offset the cheers with hisses.

Yet to its credit, here is a children's show which plays straight to the children, and boasts a handful of catchy tunes from Alasdair Nicolson.

Claire Armitstead

Radio

Doyle playing Holmes

JEREMY HARDING'S Letter from Eritrea was confined mostly to the current campaign, *with little* about the country or the people. I was specially interested, as I campaigned in those *parts myself in 1941-42, when* Eritrea was indeed independent of Ethiopia (Abyssinia, as we called *it*), though it was also an Italian colony – a very good colony, I thought, with more and better all-weather roads than Kenya had, schools and hospitals, well-organised agriculture (for the Italians) and an opera-house in Asmara

The Eritrean independence forces, Harding reported, are well organised, though political indoctrination gets more emphasis than defence training. The campaign has become a kind of *trench-warfare*, with the *opposing* forces sometimes only a short distance apart. The *Eritreans, who have some 120,000* guerrillas in the field plus some "freedom fighters," maintain themselves efficiently: there is a "mile-long" Base Hospital, laid out in along a river-bed for tactical advantage. A national health system is in action, at first resented by the more remote people, now accepted. Penicillin and aspirin are produced on the *spot*, and it is *"quite common"* to see a saline drip hanging from an acacia branch. "Drought, famine, rain" was Harding's summary of the land; but he said *nothing more specific about famine*.

Television, not unexpectedly, marked the centenary of Conan Doyle's birth with a Sherlock Holmes outing. Radio was more inventive. True, Radio 4 led off on Sunday of last week with *Centenary, My Dear Watson*, a documentary record of the visit to Switzerland of the Sherlock Holmes Society *in Victorian* drag. It sounded like a load of good international fun, even if no one was thrown down the Reichenbach Falls

But this week's Saturday Night *Theatre was Conan Doyle* and the *Edalji/Case*, a dramatised version of Doyle's concern with the affair of George Edalji, the Staffordshire Parsee solicitor who was convicted of maiming livestock. Roy Apps's play begins with an account of the investigation by idle police under an arrogant Chief Constable, Captain Anson, and the subsequent trial before a *bench of magistrates* laconically chaired by the Chief Constable's cousin. The bench *gave him seven years. He was* released on ticket-of-leave after serving half this, and wrote to Conan Doyle for help or advice. Doyle checked all the evidence and found it wanting. Edalji's eyesight would not have enabled him to take his alleged path; the horsehairs on his jacket could come from another police *exhibit; the graphologist's* evidence about the abusive letters that Edalji was supposed to have *written to himself was worthless*. Doyle even dug out an alternative suspect (never charged). *Edalji was pardoned*, but not compensated.

It's an interesting story, which the author has decorated, perhaps to its detriment, with material about Doyle's romantic second marriage and about everyone's irritating way of asking him if he were using the methods of Sherlock Holmes. Iain Cuthberton played Doyle, Michael Harbour, Edalji, the director was Brian Miller. I was glad to hear the story again; but Doyle created other characters worth reviving too. How about the pirate Sharkey, Brigadier Gerard, or *Professor Challenger*?

On Tuesday, Radio 3 devoted two and a half profitable hours to Ben Jonson's *The Devil is an Ass*, in an adaptation by Peter Barnes. A 'prentice devil, Pug, is allowed a tour in London, but he has little action. Jonson's devil is symbolic, a token of the asininity of human sinners. The play is full of comic incident, but I won't try to give an adequate account of it here. Let me say that the production under Ian Cotterell never flagged, and was delightfully done by Freddie Jones, Michael Maloney, Stephen Rashbrook and a *score* more talented players.

B.A. Young

Chess No. 702

1 Q-KR5 (threats 2 QXQ or 2 Q-K8), QXQ; 2 B-B6, or if Q-K2; 2 Q-QR5, or if K-K2; 2 P=Q.

Asa Briggs on a radical rethink of imperial power and glory

Red patches on map, red flag unfurled

THE AGE OF EMPIRE, 1875-1916
by Eric Hobsbawm. Weidenfeld and Nicolson. £16.95, 404 pages

THE LAST two volumes of Eric Hobsbawm's impressive trilogy on nineteenth–century world history have appeared with an equally impressive sense of timing. The Age of Revolution came out in 1962 at the beginning of a decade when there was often a sense of revolution in the air; The Age of Capital appeared in 1975 in the middle of a decade when the oil crisis– and later-mass unemployment– changed the conditions within which international capitalism operated; and now The Age of Empire appears after a twelve-year gap at a time when the residual issues of empire continue from time to time *to* hit the headlines.

It is notable how in each of the three volumes domestic and *international* history are integrated – in this volume "home" and "colonial" – not so much through a narrative of events as through an examination of structures; and the structures have not only changed since the nineteenth century but since the appearance of The Age of Revolution in 1962.

How much Dr. Hobsbawm has changed himself during the years between then and now is not a question for a reviewer. The three volumes, each self–contained, are remarkably consistent, however, in their Marxist approach, in their use of wide–ranging evidence and in their style of writing – allusive yet analytical, systematic yet at their best effervescent.

Dr Hobsbawm calls his book "the unfolding of an argument," but it is always an argument with the reader and not with *himself. He concedes qualifications*, but he is firm on what he takes to be essentials. The result *is an extremely confident book* which seeks to survey the whole world, and it has a note of *authority about it. Indeed*, it is apparent from this as from the previous two volumes, that as a *writer of world history* Dr. Hobsbawm is in the world–class.

Nonetheless, there are bound to be doubts about a view of nineteenth–century history which places so much emphasis on direction and which depends so much, not least in its terminology, on a Marxist scaffolding. For Dr. Hobsbawm, as he states explicitly, the "central axis" around which he has tried to organise his history of the century is "the triumph and transformation of capitalism in the historically specific forms of bourgeois society in a liberal version." There are times in the 13 chapters when the frequent use of the word bourgeois as the inevitable label must exhaust the critical reader. It seems curiously inappropriate both for British and American society, the one where an old order persisted – and it persisted elsewhere too – the other where whatever term was to be relevant then and in the future to describe the society bourgeois is not it.

There are two further difficulties, the first paradoxical. Because it is a necessary element in Dr Hobsbawm's explanation that the dynamic force of capitalism, so well described in The Age of Capital, broke down old structures and perceptions of society, while revealing new contradictions, the first difficulty is that too much emphasis is placed on the dynamism of capitalists and not enough on their inefficiency, or on the clutter, the waste, some of it "residual", some *of it new*, of the nineteenth–century economy. A touch of Corelli Barnett would be useful at more than one point.

The second difficulty is that the First World War, which is almost the climax of the book – its real climax is reserved for the Bolshevik revolution of 1917 – cannot be adequately explained in terms of the directional logic of the earlier chapters. We are left with the not unfamiliar argument, which has nothing to do with Marxism, that "war seemed henceforth so inevitable that some governments decided that it *might* be best *to choose* the most favourable, or least unpropitious, moment for *launching hostilities*".

On Marx himself Dr. Hobsbawm's points have to be considered carefully in relation to his own historiographical position which is explicit. He notes that *Marxism* was a product of the years *after* Marx's death in 1883, "in *many* ways the last triumph of nineteenth-century positivist scientific confidence;" that the debate on *whether*, and *if* so how, Marx should be "revised" in the light of changing circumstances could cause "*scandal*" and "outrage" in "the socialist world" (Bernstein was "tactless"); that Marx *himself* had rejected "not utopian aims, but only utopian blueprints"; and that "the shadow of *Karl* Marx presides over a third of the human race because of the developments we have tried to sketch out in chapters 3, 5 and 12". Try them to find out. It is surely an example of twentieth-century positivism, however, to say of Lenin that "the disciplined vanguard party of professional revolutionaries ... was his formidable contribution to twentieth-century politics" and leave it at that. What had such an idea of party, slavishly copied as it has been, to do with Marx, and what has it had to do with the processes identified precisely in Dr. Hobsbawm's epilogue?

In two chapters of The Age of Empire which deal not with politics or with economics but with "the Arts Transformed" and with "Certainties Undermined : the Sciences", Dr. Hobsbawm is often at his best as an expositor and as an interpreter. *Yet* the brief references throughout the book to education seem somewhat inadequate, and the chapter on "the New Woman" tries to do rather too much in a short space.

There is relatively little direct quotation except at the beginnings of chapters where three very well chosen contemporary quotations, rather like texts, provide a good lead-in to Dr. Hobsbawm's own analysis. The conclusion is non-Positivist. "History, the presiding divinity of both centuries [the nineteenth and our own] no longer gives us, as *men and women* used to think, the firm guarantee that humanity would travel into *the promised land, whatever* exactly this was supposed to be."

Isobel Murray on a priest who told fine tales

Fiery sage

GEORGE MACDONALD
by William Raeper. A Lion Book. £14.95, 432 pages.
GEORGE MACDONALD: A SHORT LIFE
by Elizabeth Saintsbury. A Short Life. Canongate, £9.95, 152 pages.

I HAVE long had an obscure sense of guilt that I know so little about the work of George MacDonald, a Victorian novelist whose novels have largely dropped out of sight. I have read *and enjoyed* fairy tales like The Princess and the Goblin, At the Back of the North Wind: and I have read the bustling and intriguing adult fantasy novels, Phantastes and Lilith but the *array of unread "realistic" novels*, Scots and English, put me to shame.

I was therefore delighted to face not one but two biographers, in the sure and certain *hope that they would* lead me further in. Not surprisingly, both Elizabeth Saintsbury's "Short Life" and William Raeper's more extensive and ambitious biography, gives the basic facts, most *of which were recorded in different* form by Greville, son of George and Louisa MacDonald, *in 1924*.

MacDonald was born in Huntly, Aberdeenshire, in 1824, *and studied at Aberdeen University* before somewhat uncertainly travelling south to train as a *Congregationalist minister. In* religious difficulties typical of his time, MacDonald could not accept the grimmer aspects of his native Scottish Calvinism, and in the end he had to leave *his ministry to earn his living by* writing novels and giving lectures. Latterly, he found himself a place as lay member of the Anglican church, as friend of Lady Byron, Ruskin, Lewis Carroll and F.D. *Maurice*, and in a dramatised version of Pilgrim's Progress, which toured England repeatedly, featuring MacDonald as Greatheart and all 11 of his children in supporting roles.

MacDonald emerges as a very interesting man, subject to swings of mood and to depression, as he was subject to haemhorrage of the lung. But he *characteristically made an anagram* of his own name, and lived up to it: it was: "Corage! God Mend a!" and it helped him through a life of unremitting toil, and acceptance of charity, and family care and anxiety (besides their 11 children, George and Louisa adopted several more).

But both biographers have to record a dismal series of deaths; deaths of parents and siblings, and then deaths among MacDonald's own offspring, from the same tubercurlar weakness of the lungs that pursued and endangered MacDonald all his life.

When we reach the death of the first grandchild, we may feel we've had enough, and evidence suggests the ageing writer certainly thought so, although all his life he had regarded death as a great gateway to a happy eternity. He died at last in 1905.

Elizabeth Saintsbury's book is modest in aim and fairly successful: here is a short life written by someone happily familiar with the novels and engaged with her subject. William *Raeper's aim is* harder to pin down. His longer book contains much more theological discussion, *much more an* account of MacDonald's writing. It often told me more about theology and MacDonald's religious life than I really desired to know, and it falls over itself as regards the work, so as to stay on this side idolatry.

Entries for the Literary Competions – The Yuppie's Lament and the moratorium on over-used words – have now closed. The winning entries and a full report will be published in the Weekend FT on January 2, 1988

Girl had big dreams

A NEW story by our reviewer of children's books, Annalena McAfee, and the artist Anthony Browne, Kirsty Knows Best (Julia MacRae Books, £5.95) has just appeared. It has the same format as their earlier and hugely popular, The Visitors Who Came to Stay. Here the heroine compensates for the grim realities of her existence (Dad is unemployed, Mum scolds, the school bully strikes), through *prolonged* daydreaming.

Kirsty's daydreams are unfolded *in verse, her real* life in prose. It is an admirable alternation of modes which the artist *struggles* to match. His pictures of her deprived real life are made to be almost as *attractive* as the fantasies, but young readers will not mind that.

A.C.

Bruant: chalk drawing from G. Adriani's superb volume "Toulouse-Lautrec" (Thames & Hudson, £40)

Anthony Curtis looks at some handsome illustrated tomes

Degas to his friends

AMONG THIS year's rich cluster of art books, Sir Lawrence Gowing's door-stopper **Paintings in the Louvre** (Thames & Hudson, £55.00, 688 pages) is certainly not one to carry around with you on a visit to that great museum. Its usefulness will only become apparent when the visitor returns home and tries to recollect what he saw.

The excellent illustrations of more than 800 paintings in the collection make possible a delightful armchair reprise, with the bonus of Sir Lawrence's pertinent comments on each painter. On David he writes: "The oath of the Horatii – the story that was never told about an oath that was never sworn – was an ideal abstraction of resolution and ultimately of revolution, too. It is the single pictorial imagining that ranks with the major determinants of *history*".

In **DEGAS by himself: Drawings, prints, paintings, writings** (Macdonald Orbis, £30.00, 328 pages) edited by Richard Kendall the commentary is all contemporary, either in the form of letters by the artist to friends, like Moreau or Faure, or from the journals of people like Valery or George Moore. The reader is a *fly-on-the wall* in the atelier listening to the great man, often *talking trivia as he daubs away*. A generous seleiction of plates.

"In the field of watercolour painting there was an unprecedented surge of activity and the age gave rise to some of the most beautiful and extraordinary works ever to be painted in that medium." So writes Christopher Newall in the preface to his **Victorian Watercolours** (Phaidon £25.00, 143 pages). His selection is particularly strong on the less familiar artists, people like Bodichon, Redgrave, Shalders, Warren and Fahey. The painters are interestingly grouped and there is a a discussion of such technical matters as their use of body white.

The title of Richard Wollheim's Andrew W Mellon lectures, **Painting as an Art** (Thames & Hudson £28.00, 384 pages) delivered in the National Gallery of Art in Washington in 1984, may seem self-evident. As his audience soon discovered there was nothing self-evident about the argument, presented with the rigour of professional *philosopher, as to how paintings* may acquire meaning. The original lectures have now been "greatly expanded, greatly revised" and backed with numerous illustrations from the painters to which they refer to make a handsome volume. In the course of it mythological works by Poussin and Picasso's Dejeuner series come in for some rewarding scrutiny.

Picasso pops up again in Christopher Green's **Cubism and its Enemies** (Yale University Press £50.00, 325 pages), a winner this year of the prestigious Mitchell prize for an art book. The artist *is considered under the aspect of* post-1914 Cubism along with Braque and others. Mr Green, a Reader at the Courtauld, deals very thoroughly with this late period of Cubism and then he considers those artists who found their inspiration through opposing, or attempting to modify, Cubist theory by a return to the external world. Thus he covers an enormously rich territory, taking the reader through the work of painters like Vlaminck and Segonzac to the Dadaists and Surrealists.

If the world of art is an open *society free to anyone with* eough talent to survive in it, then attempts to classify artists by gender or birth seem doomed to failure. However books like Jane Roberts's **Royal Artists: From Mary Queen of Scots to the Present Day** (Grafton, £17.95, 234 pages) and Nancy G Heller's **Women Artists** (Virago, $30.00, 224 pages) do have a certain appeal, if only to see who is in them and who is not. Among the royals, it was Mary Queen of Scots who had the most time on her hands for creative work and she employed it diligently in embroidery. She produced no *paintings so far as we know*. Queen Victoria sometimes turned from imperial duties to the drawing-pad and some of her work is reproduced. The Queen re-appears in the Heller volume, not as an artist but as a patron of Rosa Bonheur's and her vast genre paintings.

One modern woman artist who has come somewhat belatedly into her own is the sister of the flamboyant Augustus John and mistress of Rodin. The New York dealer Cecily Langdale, who worked at the gallery where the first American exhibition of Gwen John's work was held in 1965, has done her full justice in **Gwen John** (Yale UP/ Paul Mellon Centre, £29.95, 250 pages) which combines the fascinating life-story with a full selection of paintings and drawings.

John Piper admirers are well served this Christmas with two new books. One is **A Painter's Camera** *(Tate Gallery Publications*, £14.95, 141 pages) which contains a selection of photographs taken by the artist since the 1920s of many different regions in the British Isles. The other is **The Complete Graphic Works: A catalogue raisonne 1923-1983** compiled and edited by Orde Levinson (Faber & Faber, £40.00, 140 pages).

Piper began his career in his father's firm of solicitors, which he abandoned to join the Royal College of Art in 1926, where according to his own account he was "a flop." The College has marked its 150th anniversary with the book **The Royal College of Art: One Hundred and Fifty Years of Art and Design** by Christopher Frayling, with research by John Physick, Hilary Watson and Bernard Myers (Barrie & Jenkins £19.95, 207 pages) which shows among other things the close links which the college has always maintained with industry.

Life as one continual whirl

A TIME TO DANCE, NO TIME TO WEEP
by Rumer Godden. Macmillan £12.95, 243 pages

DESPITE THE title of her autobiography, Rumer Godden has her first weeping fit by page 14. She had heard her father saying, "Where did that child get that face" and cried because she was not "beautiful" like her eldest sister Jon, "unfailingly attractive" like middle sister Nancy, or "good-looking" like baby Rose.

What she did have (perhaps not surprisingly for one so sensitive and emotional) was an "instinct for drama." She was a natural born story-teller.

All the sisters wrote as *children*. They were brought up in India, which must have been an imaginative stimulus. But Rumer had the good luck to be befriended at school in England by a teacher who recognised her talent and suggested she drop most of the school curriculum so they could work together on her writing. For six terms she practised precis, criticism - how to control words. Not only did she learn her craft, but more importantly, she was taken seriously as a writer. Psychologically, it was a turning-point.

Despite a badly hurt back and no natural aptitude, she learned to dance, got her teacher's certificate and set up a dancing school in Calcutta, where she instructed Eurasians - to the scandal of most of white society. It taught her to stand on her own two feet in adversity - a skill she badly needed over the next few years.

It seems as though everything that happened in her life was special - whether it was specially wonderful or specially awful. After the unexpected huge success of her third novel, Black Narcissus, her husband literally ran away to the army, leaving her with two children and a mountain of debts, to survive World War Two as best she could. Her wartime experiences include para-typhoid, pneumonia, being operated upon with a kitchen knife and no anaesthetic, near death in a mountain blizzard and near murder by a psycopathic servant. Hardly the quiet life a writer is supposed to need. However, it certainly makes a gripping tale.

For although this is called an autobiography, it is written as a series of dramatic stories. All the elements which make her novels so readable are here - exciting events, psychological truth, exotic locations. As she ends the book in 1944, may we hope it is only a first instalment?

Valery McConnell

Willkommen

TURN OF THE CENTURY CABARET: PARIS, BARCELONA, BERLIN, MUNICH, VIENNA, CRACOW, MOSCOW, ST. PETERSBURG, ZURICH
by Harold B. Segel. Columbia University Press. $30.00, 418 pages

NOWADAYS THE word Cabaret is probably personified for most people in the figure of Miss Liza Minelli, showing her suspenders and bawling her head off in a "deliciously decadent" Berlin nightclub; while in a world dominated by the Disco, Cabaret itself seems barely to have survived. It is salutary therefore to be reminded – or, in my case, informed – in Harold B Segel's authoritative book, what Cabaret originally was and where and how it started.

It began, naturally, in Paris, in the 1880s, where a group of Bohemians – painters, poets and writers – oddly christened the Hydropathes, got together to entertain each other in a place known as Le Chat Noir. They were united by their disdain for the Establishment, and their songs were frankly loaded with social and politcal protest.

The most renowned of the so-called *chansonniers* was Aristide Bruant, whose sardonic features are familiar to us from Toulouse Lautrec's posters, and many of his numbers, such as *A la Roquette*, set in the prison which housed the Guillotine, have the harshness and disgust we associate with Brecht.

Another form of entertainment was the puppet or shadow show, whose vogue had spread to Barcelona, where the Four Cats also served as an art gallery and exhibited, among others, Picasso and Utrillo. Thus Cabaret became involved with the cultural renaissance taking place in Barcelona and with the Modernist movement of the early 1900s.

On to Berlin and Munich, where Cabaret allied itself to the theatre and introduced parodies, or send-ups, of fashionable plays such as The Bluebird by Maeterlinck. In true German style, Munich's cabaret was named The Eleven Executioners, and featured the ominous presence of Marya Delvard swathed from head to foot in black and illuminated by a violet spotlight.

In Vienna the venue was of course Der Fledermaus, where the painter Oskar Kokoshka contributed both decor and dramatic pieces, including one intriguingly entitled The Spotted Egg.

Moscow borrowed the name The Bat for its cabaret. Here members of the Moscow Arts Theatre Company, among them Olga Knipper, wife of Chekhov, presented late-night parodies of her husband's plays. After the *Revolution* the founder of The Bat, Baliev, established it as the Chauve Souris in Paris, whence it toured the US and scored a triumph in Hollywood.

Cabaret was becoming, in fact, more and more like our modern Revue, and venues were gradually transformed from cafes and restaurants to little theatres. Its last flowering was in Zurich, during World War One, where a group of exiled artists gave birth to the anarchic movement that later became known as Dada. One night the poet, Hugo Boll, performed his "verses without words" in a Cubist costume at the Cabaret Voltaire and became so wrought-up that he had to be carried offstage, whereupon the Voltaire closed its doors for good.

Professor Segel has taken immense trouble with his research and includes lengthy translations of many of the numbers he describes, as well as tranlations of Boll's gibberish songs. Unfortunately his academic style accords ill with the bizarre nature of his subject and he is *inclined to wander down literary* byways.

What is needed now is a jolly coffee-table book, based on the professor's text, but crammed with pictures and photographs of the colourful characters who throng his pages – and many of whom make Miss Minelli seem fairly tame.

Sandy Wilson

Up and away

FLIGHT: THE FIVE STAGES OF AVIATION
by John Blake. Foulis. £29.95, 151 pages

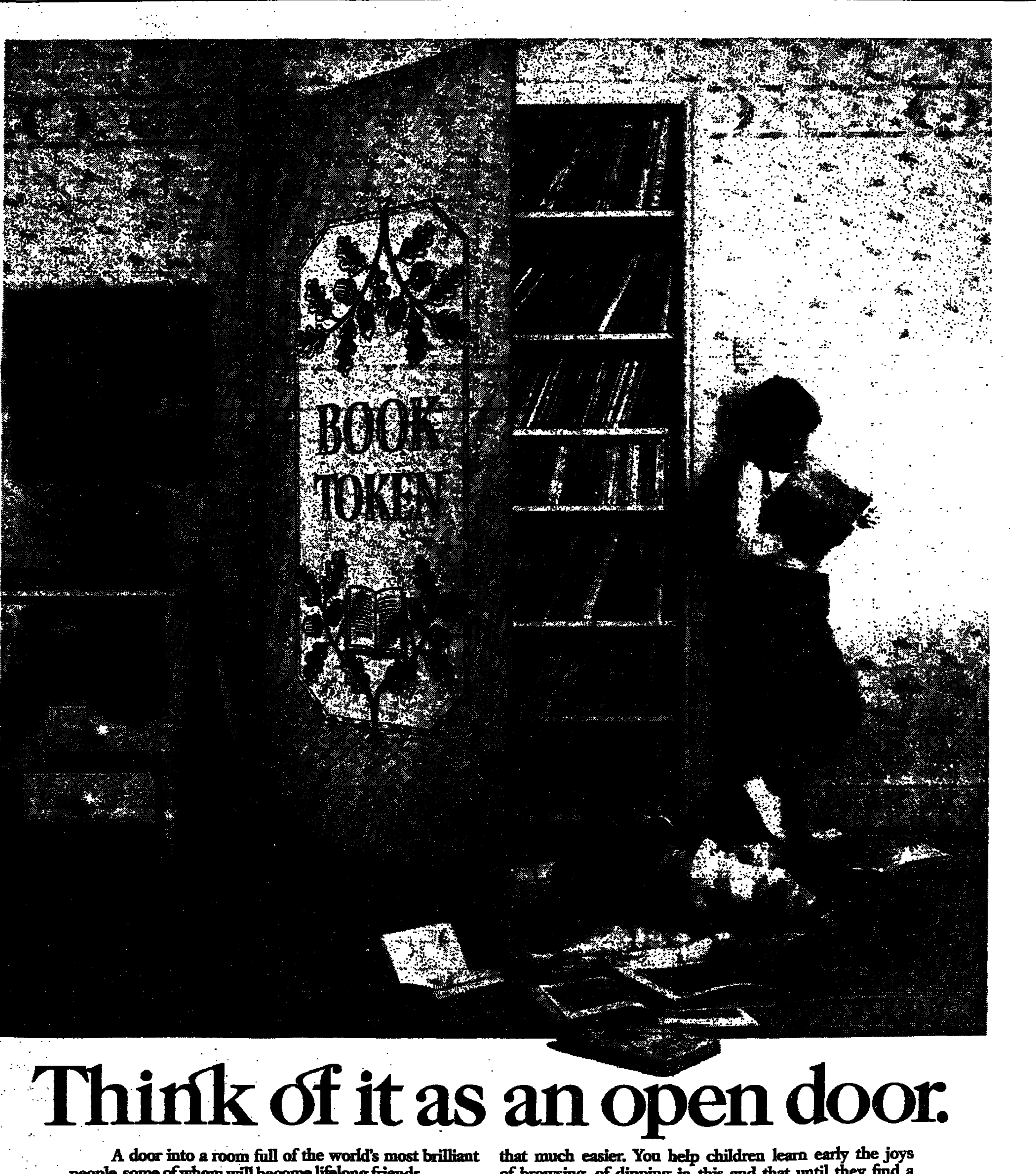
THE AIR COMBAT PAINTINGS OF ROBERT TAYLOR
with a text by Robert Weston. David & Charles. £25.00, 128 pages.

JOHN BLAKE, both an artist and no stranger to aviation, for his commentaries at the biennial Farnborough Air Shows have thrilled thousands over the years, has taken as his ambitious theme the history of flight, copiously illustrated by different members of the Guild of Aviation Artists.

As befits so knowledgeable an aviation veteran, his text is lively, and easy to read. All of the most famous names in aviation art are here, along with many of the most celebrated events - from the balloon flights of around the turn of the century through the combats of two world wars and on to the supersonic era of today. Where any particular event or occasion is not included, it does not mean that it is not regarded as significant, but rather that an artistic depiction of it has yet to be produced.

The Air Combat Paintings of Robert Taylor is more specialised, being devoted to the work of one highly-talented artist. Robert Weston's text describes Taylor's life and his rise to fame in his chosen speciality, but it is left to the artist himself to describe how he produced the individual pencil drawings and paintings, while there are also lively and fascinating commentaries by some of the distinguished airmen who were in one way or another involved in the combats depicted, and who advised the artist.

Michael Donne



WEEKEND FT

• SPORT •

That was the year that was/Philip Coggan

1987? You just cannot be serious

IT HAS BEEN a terrible year for sport. That is not just a short-term view coloured by the Pakistani umpiring controversy. Think back over 1987.

Lester Piggott, for decades one of British sport's most prominent figures, is now in prison. David Jenkins, a British athlete who was European 400m champion, is set to follow suit after admitting smuggling drugs to sell to other athletes.

In the US, American football players went on strike for several weeks. In Britain, football players did their striking on the field - outbreaks of fisticuffs and elbowing caused sendings-off to reach record levels. Off the pitch, the Football League spent its year battling with people who wanted to buy soccer clubs - a bizarre situation for a game so desperately short of finance.

A boxer punched the referee who had decided against him. A *snooker player head-butted* a tournament referee. A Pakistani supporter had his throat cut at a *one-day cricket international*. There was even a mutiny by members of a Boat Race crew.

To round off the year we had Mike Gatting versus Shakoor Rana. It is easy to be pious and blame the England captain for his finger-wagging abuse of the umpire - a display that was definitely "not cricket". However, if Rana actually used the three-word epithet attributed to him by England's players, then Gatting's reaction was quite mild. One or two MCC members would probably have flattened the umpire with a right hook.

The mere fact that the Independent printed two of the alleged words - the third one was "cheating" - has caused a complaint to the Press Council by, of all people, the editor of the Sun. And Gatting's temper will hardly have been improved by the memory of Haseeb Ahsan, the Pakistani manager during the summer tour, who described *cheating as "all part of the modern game."*

But it is also hard to agree *whole-heartedly with the pro-*Gatting camp, whose arguments seem tainted by jaundiced jingoism. We know the quotes off by heart - cheating foreigners, bring our brave boys home, etcetera, etcetera. Overseas umpires, some people seem to believe, can never be accurate because their eyes are set too close together.

Scaling the heights: Fatima Whitbread breaks the world javelin record with a 77.44 metre throw

Plumbing the depths: Lester Piggott now in prison- but for decades pre-eminent in his sport

The state of sport is as much the fault of those who watch as of those who play. Go to the average soccer match and observe your fellow spectators. Do they want to see a good game or do they just want their team to win? Watch how every referee's decision, even the most banal, is greeted with derision by one side or another. Notice, most *sinister of all, how the moment* a black player touches the ball, he is jeered - a fact that is strangely *ignored by televison commentators.*

Many of the worst aspects of sport surfaced before 1987 - but there can have been few years when sport's image has taken so many knocks from so many different directions. What can be done to make 1988 into a better year? Neutral umpires would obviously help cricket – most sports already have them. But surely if officials are to be tried by television, they should have access to the cameras?

In American football there is a team of replay officials who watch the key incidents of the game on closed circuit television. If the on-field umpires are in *doubt they can call on the replay* team who, of course, have the ability to watch the incident in *slow motion. The same system* should be used in other sports.

It may seem, to some, a sad solution, but sport has become big business. Players have every incentive to argue, cheat and waste time. Referees need to become as sophisticated as financial regulators hunting for insider dealers.

Combating *the dead hand of* nationalism is a longer-term process. Television may again provide part of the answer. Too often it concentrates on the fortunes of British competitors, whether or not they have any hope of victory.

The continuing popularity of tennis in Britain shows that people do not need home-bred champions to enjoy sport. Crowds can still cheer the athleticism of Pat Cash, the grace of Vijay Amritraj, the *power of* Boris Becker, irrespective of their nationality. Similarly, the recent popularity of American football in Britain indicates how the sheer spectacle of sport can create enthusiasm.

It is natural to take an interest, even to feel pride, in the achievements of your countrymen. Having seen Fatima Whitbread in tears at losing one world javelin championship, it is understandable that Britons should be pleased for her success this year.

It is also hardly surprising that there should be a song and dance about Europe's victory in the *Ryder Cup, in that the* Americans had monopolised it for so long. But when support for one side turns to hatred for the other, sport loses much of its lustre.

In my view, those who really love sport should try to forget this year's excesses and concentrate instead on the achievements of some of the superbly gifted athletes currently on view.

The rugby union World Cup was a splendid spectacle, with each nation having its moment *of glory and the best two teams* competing in the final. It would be slighly unfair to say that New Zealand power overcame French flair since the New Zealand team seemed demonstrably superior in almost every aspect of the game.

Cricket had its showpiece in the MCC's bicentenary match and although the single incident that sticks in most minds is Harper's *lightning pick-up* and run out of Gooch, for me the abiding memory is of Gavaskar's masterly *innings*, each *stroke* effortlessly executed, a flesh and blood coaching manual for any aspiring player.

In soccer, the underdogs had their day when Coventry won their first major trophy – the FA Cup – in May but the most significant development in the domestic game was the way Liverpool shrugged off the depar*ture of Ian Rush and looked vir*tually invincible in the first half of the current season. In John *Barnes they have a player who* alone is worth the admission fee.

Athletics had a World Championship full of drama, from the sprint clash between Ben Johnson and Carl Lewis to the despairing last few yards of the 400 metres hurdles as Ed Moses *just prevented* time, and his rivals, from catching up with him. A disappointing year for *British middle distance running* should not prevent us from admiring the achievements of *Said Aouita, surely one of the* greatest athletes ever.

In tennis, the notable development of the year was an end to the Navratilova-Evert duopoly with Steffi Graf winning the French title and reaching the Wimbledon and US finals. Martina is still the best - but only just. Conversely, in the men's game, a bad year for Boris Becker and a disappointing return by John McEnroe left Ivan Lendl head and shoulders above his fellow players, despite Cash's Wimbledon victory.

It would be nice to feel that 1988 will be remembered for feats of sporting derring-do rather than for tears and tantrums. The Olympics, in theory a celebration of the aesthetic ideal *of sport but in practice often a* forum for foreign policy, will be the acid test. By setting the *games in Seoul*, on the border between East and West, sport's administrators are certainly gambling with high stakes.

Olympics/Michael Thompson-Noel

Seoul sellers

There is far more to the Olympics than commercialism and self-posturing. Yes, even fun and games

LIFE IN shoddy old *Britain may* be getting hairier by the hour, but we can still pull our fingers out when it comes to the Olympics. For the Seoul Olympics next autumn (September 17 - October 2) Britain is planning to send no fewer than 386 competitors and 177 officials for a grand total of 563, by far our biggest team since the Games in London in 1908 when we fielded 676 competitors (most of them men) for a spectacular haul of 56 gold *medals, 48 silver* and 37 bronze.

Those days are long gone. Over the past 10 summer Olympics, Britain *has* won an average (per Games) of 3.8 gold medals, 7.4 silver and 8.6 bronze. By studying the tables and *making* allowances for boycotts – I do *not* expect a boycott by the superpowers in 1988 – I would guess that our Seoul gold medal tally will be something like three at a direct cost, per gold, of about £750,000.

The calculation is a bit *fudgy* because the estimated cost of our Olympic venturing next year, which is £2.5m, includes the winter Games in Canada (February 13-28) as well as Seoul, but there is nothing remotely fudgy about the fund-raising involved, nor about the scale of the operation now underway, spearheaded by John Quinton, chairman of Barclays Bank.

The British Olympic Association (BOA) is not government-funded, which makes it unusual, and receives very little benefit from the enormous sums generated (such as those from TV rights) by modern-day Games. It prizes this independence and rejects all political interference (thus upholding the Olympic charter).

For instance, it refused to be browbeaten in the run-up to the *1980 Games*, and took *its* team to Moscow. As it says: "It is quite clear that had the BOA surrendered to political pressure, many other national Olympic committees throughout the world would have followed that lead, and the Olympic movement would have been split, *perhaps fatally*."

John Quinton and his team have got their appeal off to a rousing start. For instance, numerous sponsors (paying *£50,000 and up*) are already on the starting block, including 3M, Adidas, Budget, Coca-Cola, Kodak, Minet, *Mars*, *Phillips*, Visa and Weetabix.

But it wasn't until fossicking through Quinton's latest progress report on the fund-raising cam*paign that I appreciated the scale* of the operation, or the industriousness involved, or even the *grass-roots spread* of the Olympics' appeal.

In Scotland, events include a lottery, a sponsored relay swim and sportsmen's dinners. In Wales they're considering a balloon race involving all Welsh schools, a grand ball in February, pop concert and draw. In Birmingham they're planning a wrestling evening on February 10, a raffle of teddy bears, a novelty pub crawl, ten pin bowling and a beer festival.

Other fund-raising schemes include fun runs, race meetings, clay-pigeon shoots, golf tournaments, discos, a snooker marathon (Exeter), jazz evenings, a "Krypton Assault Course event with sponsored teams" (Liverpool – where else?), a flight on Concorde (Luton), fashion shows, greyhound evenings, mini-marathons, aerial displays, brass band concerts, film premiers, concerts, and on, and on.

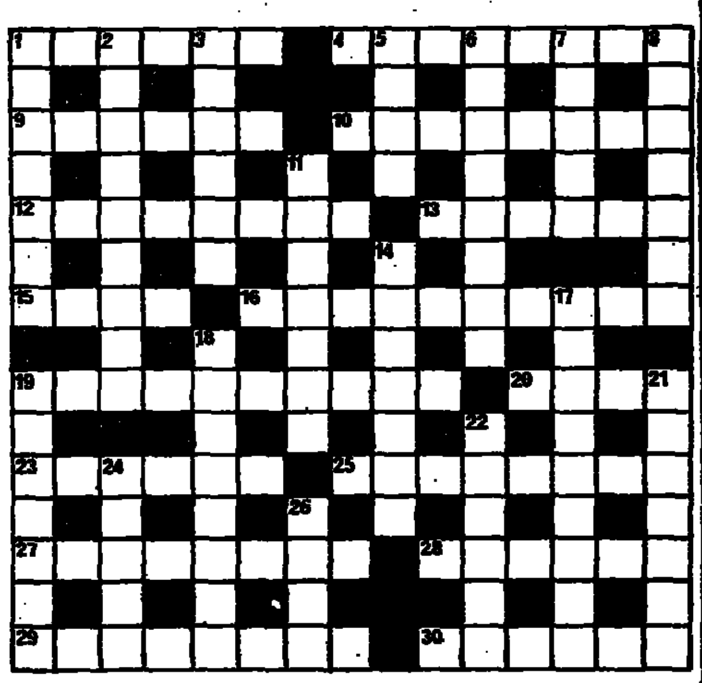
Which makes you appreciate, all over again, that there is far more to the Olympics than commercialism and selfish posturing: that despite the recent fad for boycotts, what the Olympics are about is what the organisers *say* they are about: fun and games, bread and circuses, youth and *optimism* and global bridge-building.

Of course it sounds corny. But as Messrs Gorbachev and Reagan will discover next year, medals are cheaper than missiles. It makes far more sense, it could be said, for the superpowers to knock the living daylights out of each other down on the track or in the water polo pool than to indulge in bans and boycotts.

If the cost to Britain is about £750,000 per gold medal, you can bet that the cost to the Russians and Americans will be at least five times that. Which is cheap at the price.

FT CROSSWORD No.6,512

SET BY PROTEUS



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday December 30 marked Crossword 6,512 on the envelope, to the *Financial Times, 10 Cannon* Street, London EC4P 4BY. Solution on Saturday January 2.

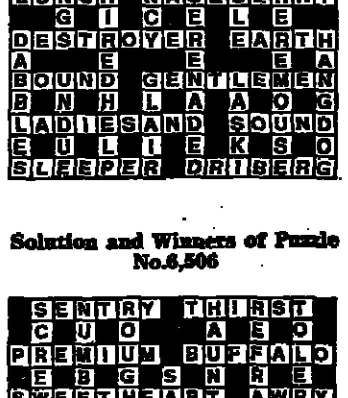
ACROSS

1 Craft around British Columbia - making links, we hear (6)
4 Baggage wanted *on board*, the cases being sorted (3-5)
9 Hardy companion of unusual allure (6)
10 Pickle store (8)
12 Split personality, perhaps (8)
13 The rest of the day (6)
15 Stern Nurse Foster (4)
16 Ceasefire at Wimbledon? (4-6)
19 Stiff examination (4-6)
20 Old French painter retired without finishing (4)
23 Root of 501 in succession? (6)
25 Wild oats, dire for a space-traveller (8)
27 Old hat, green, for the deep (8)
28 Colt, with no head or tail, to *develop naturally* (6)
29 Girl's very best friend in the Tower? (8)
30 *Elgar's variation dazzles* (6)

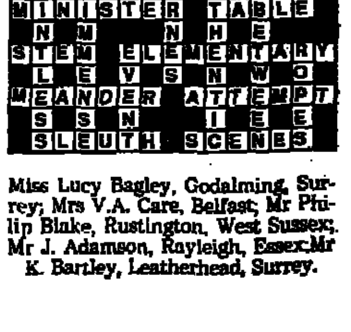
DOWN

1 Glass cover for a campanula? (4-3)
2 Sad peach grown in Kentucky (9)
3 Opposed to a metrical composition (6)
5 Gain by Labour (4)
6 Sort of alibi needed by some players with club? (4-4)
7 These nobles have gems unopened (5)
8 They admit the blame for hospital treatment (7)
11 Pile made by percussion section (7)
14 To soothe, copy taking pulse internally (7)
17 Record wave for sporting lumberjack (3-6)
18 Oversight? Ring embassy! (8)
19 Entered into a port that turns out fine (7)
21 Fair drive, but bumpy (7)
22 Beetle, small, unpleasant, tailless (6)
24 *Going it, people share the language* (5)
26 A lot wrong - the voice is high (4)

Solution to Puzzle No.6,511



Solution and Winners of Puzzle No.6,506



Miss Lucy Bagley, Godalming, Surrey; Mrs V.A. Care, Belfast; Mr Philip Blake, Rustington, West Sussex; Mr J. Adamson, Rayleigh, Essex; Mr K. Bartley, Leatherhead, Surrey.

TELEVISION AND RADIO

SATURDAY

† Programmes in black and white

BBC1

8:20 am Rooberb. 8:25 Saturday Starts Here. 8:40 Chuckievision. 9:00 The Muppet Babies. ...

... by People Get Ready. 7:30 Living Legend - Raj Kapoor. 8:30 Piggybank. 9:30 A Fine Romance. 10:00 St Elsewhere. 11:00 Late Night with David Letterman. 11:50 Tennis: The Davis Cup Final. 12:50-2:45 Film: "Welcome To L.A." starring Keith Carradine, Sally Kellerman, Sissy Spacek and Lauren Hutton.

S4C WALES

BBC2

ANGLIA

BORDER

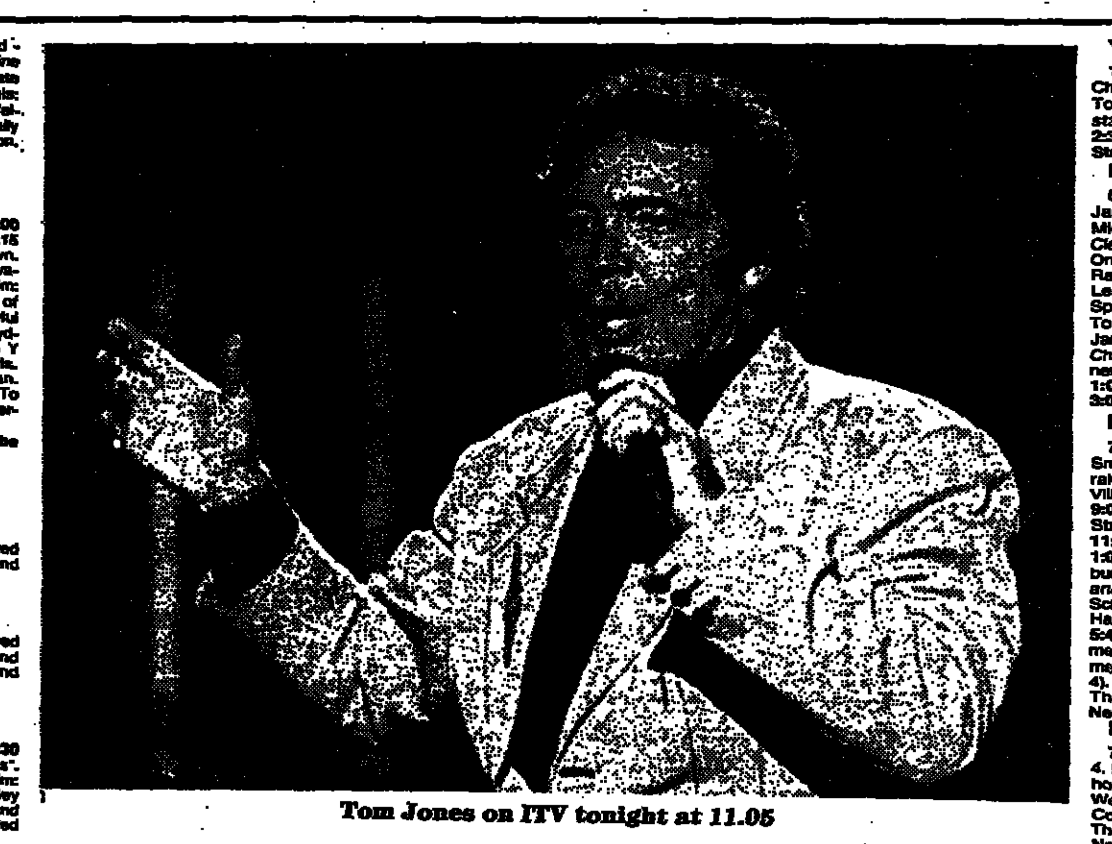
LONDON

CENTRAL

CHANNEL

CHANNEL 4

GRANADA



Tom Jones on ITV tonight at 11.05

HTV

TSW

TYNE TEES

SCOTTISH

TVS

ULSTER

YORKSHIRE

11:30 am Film: "The Night They Saved Christmas". 11:05 pm The Big Match. 11:55 Tom Jones. 12:55 am Film: "The Last Ninja" starring Michael Beck and Nancy Kwan. ...

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4

SUNDAY

† Programmes in black and white

BBC1

BBC2

LONDON

CHANNEL 4

S4C WALES

GRANADA

ANGLIA

BORDER

CENTRAL

CHANNEL

HTV

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

YORKSHIRE

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4